



Kingdom of Cambodia
Nation – Religion – King

កម្ពុជាធិបតេយ្យ ស្ថេរ សុខុមាល័យ

Royal Government of Cambodia



THE CAMBODIA AID EFFECTIVENESS REPORT 2008

Prepared by
the Cambodian Rehabilitation and Development Board
of the Council for the Development of Cambodia
for
Second Cambodia Development Cooperation Forum (CDCF)
4-5 December 2008

November 2008



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Acknowledgement

A major source of information used in preparing this Aid Effectiveness Report is the reports prepared by Technical Working Groups (TWGs) for the Government-Development Partner Coordination Committee. The efforts of all TWG Chairs, focal points and lead development partner facilitators is therefore acknowledged with gratitude and it is hoped that this Report will be of use to them in their future work.

It is also necessary to acknowledge the significant time and effort that has been contributed by development partner focal points who have entered information about their programmes into the Cambodia ODA Database. Without their patience and cooperation much of the quantitative analysis used in this Report could not have been produced.

The findings in this Aid Effectiveness Report are based on the evidence that has been collected and analysed by CRDB. In all cases CRDB has attempted to validate the data and to confirm the factual basis for the analysis that has been presented.

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Foreword

This 2008 Aid Effectiveness Report (AER) has been prepared by the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC) for the Second Meeting of the Cambodian Development Cooperation Forum (CDCF). Building on the first Aid Effectiveness Report prepared for the 2007 CDCF meeting, this second Report makes a further contribution to the implementation of the Rectangular Strategy for Growth, Employment, Equity and Efficiency - Phase II, which was launched by Samdech Akka Moha Sena Padei Techo **Hun Sen**, Prime Minister of the Kingdom of Cambodia at the First Cabinet Meeting of the Fourth Legislature of the National Assembly on 26 September 2008; and the National Strategic Development Plan (NSDP) by elaborating on the status of the partnership between the Royal Government and its development partners and the role of external assistance in supporting our combined efforts to promote national development.

The Report also comes at an important time in terms of the global context. Reduced global levels of ODA in 2007, and the prospect of further erosion in the commitment to scaling-up support to the MDGs and the global ODA target of 0.7% of GNI, emphasises once again that we need to focus on the quality of external assistance even while we cannot be sure of the quantity. This was certainly the message that was communicated at the Ministerial dialogue during the September 2008 High-Level Forum on Aid Effectiveness and our continued concerns relating to food security and economic slowdown serve as a further reminder of our obligation to use all resources, both domestic and external, in a prudent and accountable manner.

Given these challenges, and in the context of the Mandate of the Royal Government of Cambodia of the Fourth Legislature of the National Assembly, I am therefore pleased to note that this Aid Effectiveness Report is more forward looking, and indeed of higher quality, than the 2007 AER, which itself marked a significant step forward in our efforts to establish more evidence-based approaches to development management. It is also pleasing to observe that this 2008 Aid Effectiveness Report uses a diverse range of sources and data, including the NSDP Mid-Term Review and the Evaluation of Aid Effectiveness in Cambodia, and is based on the collaborative approach that has informed analysis undertaken in the period since the First CDCF Meeting in June 2007.

Perhaps most important, this Aid Effectiveness Report puts information into the public domain and I trust that it will promote discussion both within and beyond Cambodia's borders. In this regard I hope that the Report can provide a perspective that looks beyond the technicalities of Government and development partner relations to provide us all with an increased motivation to meet our commitment and to keep our promises, both to each other as well as to the wider group of people whom Government and development partners claim to represent.

I would like to take this opportunity to acknowledge the work of **H.E. Chhieng Yanara**, the CRDB Secretary General and Secretary General of the CDCF, and his colleagues who have prepared this Aid Effectiveness Report. By acknowledging its improved content and enhanced analysis I would also like to offer my thanks to all colleagues of the Royal Government and our development partners who have participated in the background work that has informed the Report's production.

Phnom Penh, 14 November 2008

Deputy Prime Minister **KEAT CHHON**, M.P.
Minister of Economy and Finance
First Vice-Chairman, Council for the Development of Cambodia

Executive Summary

The Introduction chapter to this report notes that aid effectiveness is about more than improved aid management approaches to planning and budgeting, implementation and performance, or the need for additional research. It is about accountability to each other and to the wider community for achieving development results. With this in mind, the 2008 Aid Effectiveness Report brings together evidence from a broad range of national sources to review progress in implementing the commitments to improved partnership arrangements. These commitments, which have been institutionalised in the 2006 Cambodia Declaration on Aid Effectiveness, have been formally articulated as a set of priority activities in the Harmonisation, Alignment and Results (H-A-R) Action Plan.

The 2008 Aid Effectiveness Report also draws on global analysis that informed the recent mid-point reflection on the Paris Declaration on Aid Effectiveness that took place at the High-Level Forum in Accra in September 2008 and makes particular reference to the Accra Agenda for Action. The evidence, of both a qualitative and quantitative nature, is then used to support a number of policy recommendations for discussion at the Second Cambodia Development Cooperation Forum (CDCF) that will take place in December 2008. These recommendations are based on five main messages that derive from the analysis contained in this Report:

1. Evidence of fatigue and a stalling process requires a political intervention.
2. Focus needs to be placed on simplifying, prioritising and grounding aid effectiveness initiatives.
3. Efforts to improve implementation will be dependent on more effective partnership dynamics.
4. Broader engagement is necessary but requires competency and relevant skills to be effective.
5. The rationale for development cooperation is increasingly premised on capacity development.

These messages result in a number of recommendations for Government and development partners, both individually and jointly. They relate chiefly to the need to identify a narrower and more realisable set of priorities from within the existing H-A-R Action Plan framework, to more effectively integrate and link our aid effectiveness efforts with central and sector reform processes, and to develop our competencies to engage in a partnership-based approach to development cooperation. The Report's final recommendation is that Government and development partners initiate a process of reflection and review so that priority actions, grounded in the reality of each sector, Ministry and partner, can be identified, implemented and jointly monitored through the establishment of a Joint Monitoring Indicator:

Taking note of: a) the Rectangular Strategy (Phase II); b) the NSDP MTR; c) the H-A-R Action Plan and the Cambodia Declaration on Enhanced Aid Effectiveness; d) the Evaluation of Aid Effectiveness (self-assessments and Independent Review); e) the recommendations made in the 2008 Aid Effectiveness Report; f) the dialogue at CDCF; and g) the Accra Agenda for Action, the Royal Government and its development partners agree to:

- i) For the Royal Government, to consult internally and at a high level to identify a number of realistic, achievable and verifiable actions at central level and associated with identified sectors to ensure progress in advancing national aid effectiveness priorities and in meeting their international commitments;
- ii) For development partners, to consult internally and with their capitals/headquarters at a high level (in light of the HLF on Aid Effectiveness), and with one another, to identify a number of realistic, achievable and verifiable actions that will ensure progress in advancing national aid effectiveness priorities and in meeting their international commitments; and
- iii) For both the Royal Government and development partners, to come together in the first quarter of 2009 to negotiate a limited number of practical and verifiable actions that are based on the H-A-R Action Plan and represent a consensus for joint action.

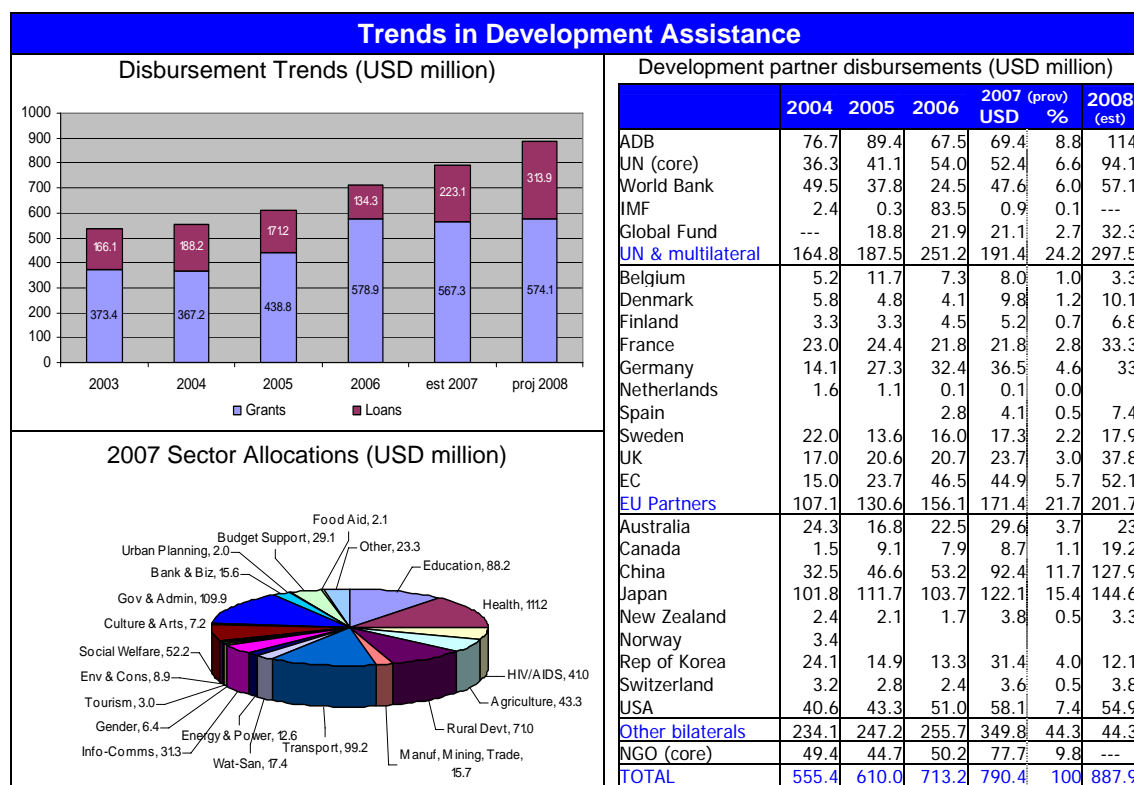
CRDB/CDC, as the national aid coordination focal point, will facilitate this process in collaboration with the Partnership and Harmonisation TWG. The agreed actions will be presented at a meeting of the GDCC and shall then be incorporated retrospectively into the 2009-2010 JMI matrix as a mutual commitment to the implementation of the H-A-R Action Plan and commitments made in the Cambodia Declaration on Enhanced Aid Effectiveness.

A number of activities that are central to the effort to promote and accelerate aid effectiveness objectives were implemented in the period since the first CDCF meeting in June 2007. Chief amongst them was the

second round survey of Paris Declaration monitoring. The survey process demonstrated significantly enhanced Government and development partner capacity to collate and analyse information on aid delivery, primarily through the Cambodia ODA Database. The results suggested that significant progress had been made in making aid delivery more predictable and in recording support in national systems to support the planning and budgeting process. More limited progress was recorded in using a wider range of national systems, in moving towards programme-based support, and establishing plan-budget linkages with results-based monitoring systems. The survey emphasised the need for increased effort and accelerated progress.

Additional analytical work included a reflection on the use of technical cooperation, a sub-regional perspective on mutual accountability and an Evaluation of Aid Effectiveness. All of these studies emphasised the need to establish partnerships that are based on mutual understanding and a common agenda for action if the impact of development cooperation is to be maximised. Associated training initiatives, including in aid effectiveness techniques for Government and in national institutional arrangements for development partners, attempted to contribute to the development of capacity, stronger ownership and more effective partnership dynamics.

Overall aid delivery continued to increase with disbursements of USD 790 million reported in the Cambodia ODA Database by development partners and NGOs in 2007. This represented an 11% increase on the USD 713 million recorded in 2006, and a further increase in 2008 appears likely (a projected figure of USD 888 million has been provided by development partners), although the depreciation of the US Dollar against most other currencies in 2007 and 2008 accounts for part of this increase. As support from a broader range of development partners becomes available, e.g. from Kuwait, Qatar, China and from the rising number of global funds and vertical financing instruments, there will be an opportunity to bolster financing of priority objectives but these will also bring associated challenges as the imperative for enhanced coordination grows.



An assessment of aid alignment shows that external support was equivalent to 95% of revised NSDP financing requirements in 2007. The sectors receiving most support were Health and HIV/AIDS (a combined amount in excess of USD 150 million), education (USD 88 million), and rural development and agriculture (a total of USD 114 million to these two sectors in total). Combined governance support was USD 110 million, almost half of which was for decentralisation and deconcentration reform. Overall the analysis indicates that most external support is relatively well aligned with the NSDP at an aggregate level, although continued reallocation towards agriculture and rural development, which the 2008 estimated figures indicate is already happening, will ensure that priorities in the Rectangular Strategy

Phase II can be adequately supported. As sector strategies are developed and increasingly linked to budgets and operational plans, enhanced mechanisms for ensuring alignment within broad sector categories will be developed.

While aggregate aid delivery is in line with national development priorities the modalities by which external support is provided remains more challenging. Increased loan financing, a reversal in recent trends, will require that debt sustainability be monitored while the number of small projects continues to impose a large transaction cost on Government. Technical cooperation comprised just over 30% of total support and associated analytical work resulted in the drafting of a Guideline that, when linked to the national capacity development policy, will ensure effective use of these resources. 2007 also witnessed the beginning of budget support, disbursing USD 35 million, which represents promising progress in strengthening the development partnership.

Investment project assistance comprised the largest share of development assistance in 2007, approximately 45% of the total, but the large number of active projects (759 in total) disbursing relatively small sums (622 disbursed less than USD 1 million each) suggests that the management burden on national counterparts is significant (the increase in project management units recorded during the Paris Declaration survey may be linked to this observation). The Report therefore examines progress in establishing delegated cooperation arrangements; there were 41 reported instances of partners delegating funds to others in 2007. Acknowledging the need for increased efficiency, more use of programme-based approach practices are also endorsed and a criteria for a 'division of labour' is identified. Notwithstanding the sensitivities involved in these complementarity initiatives, Government indicates its readiness to facilitate this process should development partners communicate their willingness to engage in such an exercise.

There was also progress in advancing mutual accountability arrangements during 2007 and 2008. Efforts to bolster Technical Working Groups and to improve the dialogue at the Government Development Partner Coordination Committee were implemented and are expected to make a positive contribution to improved development partnerships in the relatively short-term. The Joint Monitoring Indicators showed that progress had been made on all fronts but, although most targets were met, there are still a number of JMIs that require further attention. The Evaluation of Aid Effectiveness, which included an independent assessment of progress, also represented an important step in establishing improved mutual accountability arrangements and its findings are reflected strongly in the analysis presented in the Report.

A reflection on overall H-A-R Action Plan implementation reveals significant progress in establishing the institutional framework for effective aid management. The challenge ahead concerns the need to link these processes – chiefly the NSDP, the Public Investment Programme, the budget/MTEF, aid management and related sector processes – and then establish a robust national system for monitoring the developmental impact of all resource use.

Ownership	The Rectangular Strategy phase II identifies rural development priorities. The key challenge relates to the linkage between strategy, planning and budget/MTEF functions at central level and the extension of these processes to sectoral plans.
Alignment	Empirical evidence confirms that the aggregate profile of aid is relatively well matched to NSDP funding requirements. The development of sector plans and strategies, together with ongoing PFM reforms, will provide for the strengthening and increased use of national systems.
Harmonisation	Aid delivery continues to be heavily fragmented with large numbers of small projects. The identification of principles for an improved division of labour may accelerate the use of delegated partnerships and co-financing arrangements as sector programmes are developed.
Managing for Results	Strengthening the NSDP monitoring system has proven to be a challenging task with partnership dynamics proving to be difficult. At sectoral level there is evidence of progress although development partners must invest in these systems and then be prepared to use them
Mutual Accountability	The Evaluation of Aid effectiveness emphasised the importance of partnership dynamics while the JMIs provided evidence of significant progress in many areas, in particular the social sectors. Joint monitoring must be more balanced and grounded in sector priorities and realities.

The Report's conclusion notes that the challenge in linking aid effectiveness to development results concerns the need to build and sustain a consensus on the nature of this link. This is then made operationally useful by identifying policy-relevant actions that can deliver results. Much of the analysis in Cambodia suggests that the environment is well suited to a more comprehensive and accelerated implementation of improved aid management practices. While recognising limitations of the local context, "we need to go faster" adequately summarises the policy recommendations made in this Report.

1. Introduction

This Aid Effectiveness Report, which has been prepared for the second meeting of the Cambodia Development Cooperation Forum (CDCF), represents an important contribution to the dialogue on national development. By making close reference to recent national policy developments, including the Rectangular Strategy for Growth, Employment, Equity and Efficiency - Phase II, which was launched by Samdech Akka Moha Sena Padei Techo **Hun Sen**, Prime Minister of the Kingdom of Cambodia at the First Cabinet Meeting of the Fourth Legislature of the National Assembly on 26 September 2008, and the completion of the National Strategic Development Plan (NSDP) Mid-Term Review, the Report's objective is to consider the role of development assistance and the underlying partnership dynamic in supporting the implementation of the NSDP and the realisation of the Cambodia Millennium Development Goals (CMDGs).

Ownership provides the most direct link to development results

Consistent with the transition from the Consultative Group to the CDCF model, this Report emphasises the importance of national ownership in translating policy commitments into improved capacities, better public service delivery and the realisation of the development priorities articulated in the NSDP. It is therefore instructive to begin the Report by re-asserting the causality between aid effectiveness and development results:

- *Ownership and Leadership.* Emerging national and global evidence confirms that the most direct link between improved aid relations and development results manifests itself through the creation of a partnership dynamic that respects and sustains national ownership.
- *Capacity development.* Where aid effectiveness has been found to support national development it is almost without exception associated with strong evidence of a prominent role for external support in supporting capacity development.
- *Policy, planning & resource management.* Stronger partnerships, shared development agendas and better information management contribute directly to the ability and capacity to link policy, planning and budgeting. Perhaps more important, it also facilitates joint learning and innovation.
- *Service delivery.* Aid continues to directly finance the delivery of important public services. Enhanced aid effectiveness ensures that these services are delivered in a coordinated manner and with a longer-term view to capacity development and sustainability.
- *Effective monitoring systems.* Improved information management, especially related to the delivery of development assistance provides an essential tool to enable mutual review and common learning that helps to establish and consolidate trust between partners.
- *Accountability.* The need to record and make available to the public the level and profile of the external resources that have been allocated, as well as to demonstrate their effective use, is perhaps the most sustainable way in which to ensure the link between inputs and results.

Clarifying the link between aid effectiveness and development results at a national level necessarily implies that a holistic approach must be taken to considering the contribution and impact of aid. By providing a summary overview of resource availability in the period 2003 - 2008, Table One shows the increasing trends in domestic resources and development assistance.

Table One. Total Resource Availability 2003 – 2008 (USD million)

	2003	2004	2005	2006	2007	2008 (est)
Government capital expenditure	---	---	78.8	95.2	110.3	133.3
Development assistance	539.5	555.4	610.0	713.2	790.4	887.9
Total resource availability	---	---	688.8	808.4	900.7	1,021.2
Aid as % of total	---	---	89%	88%	88%	87%

Source: Ministry of Economy and Finance, Department of Budget

Without attempting to articulate the features of a growth model, the role of development assistance as an additional public resource, e.g. in supporting public service delivery, and as a form of crowding-in of private sector investment, e.g. by providing infrastructure and economic services, appears quite evident. Although global empirical models suggest some ambiguity in the relationship between aid and growth, the intuitive relationship in Cambodia looks to be quite strong.

The focus of the 2008 Aid Effectiveness Report

This Report serves an important purpose by consolidating and synthesising a significant number of analytical inputs that have been prepared over the last eighteen months. It reviews this evidence to identify priority actions that are required to ensure effective external support to the implementation of the NSDP. In addition to the routine reporting of TWGs to CRDB/CDC and the improved reporting of development partners on their activities in the Cambodia ODA Database, the period since the first CDCF meeting has been purposefully active and has included: (i) a reflection on the impact and management of technical cooperation; (ii) the Paris Declaration monitoring survey and complementary inputs to the global aid effectiveness work; and (iii) the Evaluation on Aid Effectiveness in Cambodia (taking stock on the implementation of the Cambodia Declaration on Enhanced Aid Effectiveness and the Harmonisation, Alignment and Results (H-A-R) Action Plan at the mid-point in their implementation).

This Report therefore provides an opportunity to consolidate this work and, in the context of the NSDP Mid-Term Review and the Rectangular Strategy (phase II), to highlight their collective policy implications. In particular it provides a summary of key findings derived from the recently-concluded Evaluation in order to propose a number of measures to streamline and accelerate the implementation of the H-A-R Action Plan. It is also important to clarify that the H-A-R Action Plan will not be revised in light of the Evaluation, although some policy actions will be prioritised based on the considered needs of individual Government ministries, development partners and Technical Working Groups (TWGs).

The Report therefore begins by reflecting on partnership initiatives since mid-2007. It suggests that, while there appears to be strong resolve at the level of commitment, this has not yet been fully translated into effective implementation. By considering a number of partnership related activities, including a reflection on technical cooperation and the recent Evaluation, there appears to be a continued need to invest in partnership-based approaches that strengthen trust and, most important, permit clearer communication on a set of pragmatic and realistic activities that will ameliorate the looming onset of 'fatigue'. A quantitative review of aid delivery, complemented by the findings of the Evaluation and the NSDP Mid-Term Review, serves to reinforce these qualitative prescriptions.

The Report then turns its attention to experience in implementing the Joint Monitoring Indicators (JMIs) since mid-2007. The picture from this perspective is broadly encouraging but highlights the divergence between the technical and political nature of aid relations. This combined evidence then provides the basis for identifying a number of policy recommendations, identified in three broad categories: (a) Government; (b) development partner; and (c) joint responsibilities, including those that fall within the framework of the TWGs. A short conclusion then seeks to galvanise both Government and development partners, leveraging global and national sentiment by acknowledging that if Government and development partners cannot take advantage of Cambodia's favourable climate to implement their respective commitments then the prospects globally – and for the achievement of the MDGs in particular – may appear quite bleak.

Key Messages

In a deteriorating global economic climate the effective use of aid takes on an additional significance given the risk that either external or domestic resources may become more scarce. External assistance may also take on an additional role in supporting the provision of social safety nets that become necessary as a result of the social costs associated with increasing food insecurity and any economic slow-down. With this outlook in mind, and by applying the evidence already gathered, the following points are perhaps the most pertinent:

1. Evidence of fatigue and a stalling process requires a political intervention.
2. Focus needs to be placed on simplifying, prioritising and grounding aid effectiveness initiatives.
3. Efforts to improve implementation will be dependent on more effective partnership dynamics.
4. Broader engagement is necessary but requires competency and relevant skills to be effective.
5. The rationale for development cooperation is increasingly premised on capacity development.

This Report is about more than improved aid management approaches to planning and budgeting, implementation and performance, or the need for additional research. It is about accountability to each other and to the wider community for achieving development results.

2. The Development Partnership in 2007/08

The Cambodia Declaration on Enhancing Aid Effectiveness identifies mutual trust and accountability as the basis for an effective development partnership. Empirical evidence, including the 2006 TWG Review and the 2007 JMI Report, suggests that the transition to nationally-led programmatic support requires a set of competencies that are markedly different from the technical skills usually associated with project management. To support this transition, and to promote the enhanced performance of the TWGs, deliberate efforts have therefore been made to develop both development partner and Government partnership skills. Most recently this has included an Evaluation of Aid Effectiveness and an independent review of progress. This chapter discusses partnership initiatives that have taken place since the June 2007 CDCF and reflects on the findings of the Evaluation. Together they emphasise the need for continued effort, including to foster increased trust and understanding, in order to secure improved development effectiveness.

A call for accelerated implementation

The second half of 2007 was marked with a determined effort to accelerate implementation of the H-A-R Action Plan. Observing at the First CDCF meeting that "It is time to implement the commitments we have made", the Government presentation met with a favourable response from development partners. As a result there appeared to be a firm consensus on: (i) respecting institutional arrangements, improving aid information and predictability; (ii) strengthening linkages between the budget and sector plans; (iii) the need to reduce aid fragmentation through 'division of labour' initiatives and delegated co-financing; (iv) improved management of technical cooperation; and (v) promoting mutual accountability and improved TWG and GDCC partnership fora. CDCF delegates agreed that this consensus provided the welcome prospect of accelerated implementation of activities that would immediately impact on NSDP priorities.

Consolidating a partnership-based institutional framework

One of the practical constraints to understanding applying agreed institutional procedures relates to the high turnover of development partner personnel. To ameliorate this problem, CRDB/CDC organised and led a seminar for new development partners in November 2007. In his opening remarks, and making reference to the CDCF dialogue, the Secretary General of CRDB/CDC observed that:

"Much remains to be done. For Government, we need to continue to strengthen our aid management practices, turning from the design of policy frameworks to their actual implementation. For development partners there needs to be a change in mindset, behaving less like aid bureaucrats, serving your own agendas, and more like development professionals, understanding the context of Cambodia, learning how to engage effectively, and reforming aid practices that fragment capacity and have little impact on development results. Actions on both sides can be seen to be part of our mutual accountability agenda."

The seminar then covered the institutional and organisational arrangements for managing the development partnership and associated tools and processes such as the GDCC, TWGs, JMIs and the ODA Database. In the future the resources used for this seminar will be posted on-line so that new development partner personnel can routinely access this information in an e-learning format.

Equipping TWGs with the basic tools

The TWG capacity assessment, conducted as an internal Government exercise in June 2007, identified factors that constrain the effective management and performance of TWGs. While stronger partnering skills were considered essential, especially at senior management level, it was also deemed necessary to develop capacities in the secretariats to ensure their smooth functioning and management. These capacities related to technical needs, for example the requirement to have an increased appreciation of the tools and processes that underlie the H-A-R Action Plan, such as programmatic approaches, but also the need to feel more comfortable with the jargon of aid effectiveness: the meaning of mutual accountability, for example, and the distinction between alignment and harmonisation.

As a response, CRDB/CDC developed a two-week course in the principles of aid management. This course was delivered in collaboration with the National College of Public Administration and Governance at the University of the Philippines and, in two separate sessions, has trained 60 persons across all 19 TWGs in the Paris Declaration, its national application, the techniques involved in promoting effective aid, approaches to incorporating cross-cutting priorities such as gender, and measures that can be taken to enhance national ownership and mutual accountability.

Other challenges and constraints were more basic in nature. Common problems included language and interpretation problems; facilities and resources with which to produce and dispatch documents; specific

training and equipment needs; and an opportunity for learning and peer exchange. CRDB/CDC has therefore established a TWG Secretariat Network and has provided access to block grant funds.

The TWG Network has since met to exchange views on the experience of managing secretariats and working in a multi-stakeholder environment, and also to receive training on programme-based approaches. Block grant support, endorsed by the chair and the lead development partner facilitator of the respective TWG, has been made available to ten TWGs to support administration costs, equipment, translation services, and merit-based performance incentives.¹ This block grant initiative is seen as an interim arrangement to ensure that no TWG is constrained by administrative obstacles. It does not, however, absolve Government ministries and development partners who are active in that sector from their responsibility to ensure that TWG activities and secretariat support are resourced from their own funds in the future.

Capacity development as the foundation for effective partnerships

The role of development cooperation in facilitating capacity development, primarily through the provision of technical cooperation (TC) is perhaps the most fundamental test of the development partnership. Given that development cooperation is premised on supporting a transition in society between a present and a future state, the ability of Government and development partners to collaborate in establishing a shared vision, to jointly implement agreed activities, and to review and learn together from their experience will provide the basis for determining the overall effectiveness of aid delivery and management in Cambodia.

Technical Cooperation: 10 main findings

1. There is only mixed evidence to show that TC has made a significant contribution to development results.
2. Approaches to TC have failed to be responsive to the operating environment or the socio-cultural context.
3. Innovation and experimentation, engaging with national counterparts to identify more appropriate approaches such as South-South cooperation, has been lacking.
4. TC often achieves its project-level objectives yet is not associated with a holistic capacity needs assessment and fails to impact on organisational performance.
5. Few detailed assessments of TC impact have been undertaken, limiting the sharing and application of knowledge.
6. Many of the capacity and reform challenges are complex in nature and require coordinated multi-sectoral networked responses.
7. Significant non-aid examples of effective capacity development indicate that TC is stuck in a 'post-conflict recovery' mode in which TC may be merely 'tolerated' by an aid-dependent Government.
8. Drawing away qualified staff from Government by development partners creates a parallel market and limits the effectiveness of capacity development activities.
9. A more coordinated and harmonised approach to TC provision reduces the 'competition for influence' and sets the stage for more coherent national leadership.
10. Alleviating constraints may require a non-technical intervention of a political nature.

Based on empirical evidence in the 2007 Aid Effectiveness Report and further dialogue at the CDCF, it was agreed that urgent action was required to reform the delivery and management of technical cooperation. Although this problem was not new to Cambodia, nor indeed to the rest of the developing world, the focus placed on capacity development by Government, and in particular by the Council for Administrative Reform (CAR), warranted two new pieces of independent analytical work, one to consider the role and performance of technical cooperation in supporting capacity development and the other to provide complementary empirical evidence from the health sector.

These studies, and further dialogue between Government and development partners, identified a number of issues that are of primary importance to the overall development partnership and require that changes be made the approach taken by both Government and development partners (see box). One element of the study that provided particular insight into the relationship dynamics concerned the formal and informal incentives and behavioural norms on both sides of the development partnership. Profound cultural differences, contrasting perspectives on the nature of the development partnership and the obligations it places on both parties are often the basis for misunderstanding, the study found, sometimes resulting in deteriorating aid relations and unfavourable capacity development outcomes.

As a result of this work and additional consultations, a Government Position Paper was drafted for discussion and, on that basis, a Guideline has since been prepared. This will be consolidated with CAR's own work on capacity development and human resource management, ensuring complementarity between Government and development partner initiatives at both central reform and sector levels.

The potential for increased use of South-South capacity development modalities was also recognised and efforts were made to strengthen partnerships and mutual learning initiatives at a regional level. These

¹ TWGs receiving block grant support as of November 2008 are: Agriculture and Water, Food Security and Nutrition, Health, HIV/AIDS, Infrastructure & Regional Integration, Legal and Judicial Reform, Mine Action, Planning and Poverty Reduction, Public Administrative Reform, Rural Water Supply & Sanitation.

included a two-day seminar hosted by the Government in Phnom Penh in June for counterparts from Papua New Guinea, Viet Nam and Indonesia, and a joint study on mutual accountability undertaken in August by Cambodia, Laos and Viet Nam. Both of these initiatives were considered to be highly successful, not least because of their mutual learning nature and the spirit of cooperative exchange that is the hallmark of the South-South approach. The Guideline on the use of TC, consistent with the 'Cambodianisation' approach of CAR's work on capacity development, therefore emphasises the use of alternative and innovative approaches to supporting capacity through the reformed delivery and management of TC.

Global partnerships and aid effectiveness initiatives

The Government participated in a number of initiatives and activities in the build up-to the High-Level Forum on Aid Effectiveness, which took place in Accra in September 2008. Combining this global analysis with national empirical evidence provides a useful benchmark by which to gauge progress in Cambodia and to identify priority actions for NSDP implementation and Phase II of the Rectangular Strategy.

The principal exercise for Cambodia in 2008 was the Paris Declaration monitoring survey. This was simplified by making extensive use of the Cambodia ODA Database and was characterised by strong cooperation between Government and development partners. The results are shown below in Table Two (and discussed in the next chapter) but, as the global analysis also highlights, they must be interpreted with caution. There was little opportunity to validate the data as it relied on development partner reporting, resulting in inconsistent methodology and starkly different approaches between reporting partners and across time. Continued concern as regards the utility of the indicators and their relevance to Cambodia was therefore a topic for consideration during the Evaluation that took place in the last quarter of 2008.

Table Two. Paris Declaration Monitoring Indicators for Cambodia

No.	Indicator	2005 Baseline (2006 survey)	2007 Status (2008 survey)	2010 Target
1	Implementation of national plans and frameworks	C	C	B or A
2	Quality of PFM systems (CPIA rating)	2.5	3.0	3.5
3	Aid reported on budget	79%	85%	90%
4	Coordinated technical cooperation	36%	35%	50%
5a	Use of country PFM systems	10%	12%	tbc
5b	Use of country procurement systems	6%	16%	tbc
6	Parallel PIUs	49	121	16
7	In-year predictability of aid flows	69%	96%	85%
8	Untied aid	86%	99%	> 86%
9	Use of programme-based approaches	24%	28%	66%
10a	Coordinated missions	26%	12%	50%
10b	Coordinated country analytical work	58%	17%	70%
11	Sound performance assessment framework	C	C	B or A
12	Reviews of mutual accountability	Yes	Yes	Yes

While participation in the global initiative has significantly reinforced Cambodia's own efforts, including by galvanising development partners who may be more responsive to internal drivers of change than those established nationally, the possibility that the Paris Declaration may have become a 'double-edged sword' for national aid effectiveness also arises. Most notably, the road to Accra in 2008 became somewhat pitted and potholed as the number of pilot and diagnostic studies quickly escalated, placing a strain on Government as it sought to reconcile its enthusiasm to participate in global work with the need to make headway in implementing its own national work programme.² Second, there is increasing evidence, also discussed during the Evaluation, that the process may have become increasingly technocratic and formulaic, captured by a narrow posse of aid effectiveness experts, and over-shadowing innovation and nationally-determined responses. Finally, and as discussed above, the survey may distract attention towards a narrow set of indicators that may not reflect the true nature of Cambodia's own challenges (and, in extreme cases, may even distort incentives to accurately report progress).

² CRDB/CDC officials were invited to participate in meetings and studies related to aid effectiveness and their links to: gender; human rights; civil society; Beyond Aid (migration, trade, partnership); health tracking tracer studies; technical cooperation; capacity development; the monitoring survey; the first phase of the evaluation of the Paris Declaration; three regional workshops to support the High-Level Forum; three meetings on South-South cooperation and one on trilateral assistance; a DAC sub-group on Complementarity and Division of Labour; a Brookings Institute health study and other civil society studies and meetings rooted in global mandates; the EU Roadmap; the International Health Partnership; the Hanoi Roundtable on MfDR; two ECOSOC meetings to gather views on aid effectiveness; a sub-regional study on mutual accountability; and other assorted joint ventures, contact groups, working parties, focus groups, pulse groups, and committees. Invitations to participate in meetings dedicated to 'post-Accra' analysis have been declined.

The value of the Paris Declaration may therefore be seen in the opportunity it provides to leverage global commitments and apply them to Cambodia's own H-A-R Action Plan priorities. In this regard the Accra Agenda for Action represents useful progress as it emphasises the need for more urgency, making firm commitments to more predictable aid, the use of national systems as the default option, reduced aid fragmentation, and increased effort to mainstream cross-cutting issues such as gender and the environment into sectoral work. All of these commitments resonate strongly with Cambodia's own priorities and therefore feature in the discussion of policy recommendations and actions presented in Chapter Five.

Partnership reflections based on the Evaluation of Aid Effectiveness in Cambodia

The Evaluation was timed to coincide with post-Accra deliberations and to provide an opportunity for both Government and development partners to consider progress and chart the future direction for the implementation of the H-A-R Action Plan. Comprising chiefly of a self-assessment exercise for development partners and TWGs, and combined with an independent review, the Evaluation has emphasised the need for a sharper focus on fewer priorities, although not a revision of the H-A-R Action Plan itself. It underlined the need to make aid effectiveness work more direct, less process-focused and more strongly linked to central and line ministry activities that will contribute positively to national development.

Key issues raised during the Evaluation are identified in the adjacent box, some of which are elaborated further in Chapter Three. The issues most requiring a policy response are:

- Leadership – successful initiatives all bear the hallmark of determined leadership, ability to engage in constructive partnerships and to develop capacity.
- Mutual responsibilities – there is a need for action at multiple levels: central ministry links, engagement of sectors, development partner incentives, and joint dialogue fora.
- Fatigue – since establishing policy frameworks and processes, core Government and development partner practitioners have become locked into an inward-looking process, struggling to engage others in their implementation.

Conclusion

Continued effort by both Government and development partners demonstrates that commitment to stronger partnerships exists. It is difficult to conclude, however, that this resolve has been translated into effective implementation of agreed priority actions as all of the recommendations endorsed at the CDCF still require further reflection and implementation.

Before turning to the quantitative analysis in the following chapter, the evidence derived here from a qualitative review already indicates that apparent activity has resulted in little more than fatigue – the independent review observed that aid effectiveness work may be at risk of "drowning in its own process". This suggests that a more pragmatic and operational approach is required, emphasising a role for clearer political directives and stronger leadership from both Government and development partners to displace the tendency to resort to increasingly complex analysis, technocratic solutions and excessively detailed plans that frequently falter in the implementation stage.

Such an approach would require the creation of new opportunities to build trust between senior Government officials and their development partner counterparts, particularly at TWG level, and to identify a more limited number of mutually agreed priorities that can be achieved with the resources and capacity of both parties. This position resonates quite strongly with the Rectangular Strategy and the NSDP Mid-term Review that appealed for more forthright resolve in support of identified development priorities.

Aid Effectiveness Evaluation	
1.	The overall picture is very mixed with clear evidence of significant progress in some sectors contrasted by difficulty in others
2.	Leadership and capacity – both Government and development partner - are the most notable determinants of success
3.	Linkages between central government agencies are critical to consolidating past achievements in NSDP management
4.	Sector programmes should focus on concrete activities to establish the plan – resource – activity – results linkage
5.	An excessively technical and detailed approach may serve as a drag; clearer political directives may accelerate progress
6.	A broader group of stakeholders, including amongst the national Assembly and civil society must engage as the process matures
7.	Alignment and development effectiveness may require re-allocation of aid resources towards agriculture and decentralised services
8.	Relationship dynamics require a re-tooling by both Government and development partners to enhance partnership competencies
9.	Associating aid with enhanced capacity development in the context of reform may provide the basis of future aid programming
10.	Overcoming 'fatigue' requires a sharpening of priorities, broader engagement and greater mutual accountability for results

3. Trends in Development Cooperation

In keeping with the evidence-based theme of this report, this chapter highlights some of the main trends in the provision of development assistance in the period 2006-2008 and also looks forward to 2009 and 2010 (although the data for this latter period is only illustrative). It then combines this data with other analytical work before considering the implications for aid management policy and the H-A-R Action Plan in the context of the Rectangular Strategy and the NSDP.

The application of aid analysis to the overarching development frameworks is particularly necessary at this time as the Rectangular Strategy (phase II) articulates evolving national priorities and the NSDP Mid-Term Review reflects on progress achieved so far. This provides an opportunity for Government and development partners to make any adjustments that are necessary either in the policy framework or to resource programming.

Phase II of the Rectangular Strategy

The second phase of the Rectangular Strategy continues to emphasise peace and stability but also recognises the need to lay the foundations for longer-term sustainable growth at a target rate of 7%. This is intended to support a continued fall in the poverty rate of one percentage point per year and to build on improvements in the social sectors, especially health, education and gender equity. The overall framework of priorities can be summarised as:

- Good governance – anti-corruption; reforms in the legal and judicial sector, public administration, decentralisation and deconcentration, and of the armed forces
- Enabling environment – peace, stability and order; global integration, partnerships with the private sector, civil society and development partners; a favourable macro-economic environment
- Economic growth – promotion of agriculture, physical infrastructure, private sector expansion; and capacity development and human resource management

NSDP Mid-Term Review

The progress and challenges recorded since early 2006 provide a 'practical blueprint' with which to locate the Rectangular Strategy priorities in a more detailed policy framework. The NSDP review includes an up-dated costing table, for example, which reflects the food security and rural growth priority.

Table Three. NSDP Allocations 2006 – 2010 (USD million)

Sector	2006 NSDP	2006 % allocation	2008 MTR revision	2008 % allocation	2006 - 2008 % change
Social Sectors					
Education (basic = 60%)	550	15.71%	670	15.95%	22%
Health	600	17.14%	720	17.14%	20%
Sub-Total	1150	32.85%	1,390	33.10%	21%
Economic Sectors					
Agriculture & Land Mgmt: other than crops	150	4.29%	200	4.76%	33%
Seasonal crops: rice etc	200	5.71%	370	8.81%	85%
Rural Development	350	10.00%	420	10.00%	20%
Manufacturing, Mining & Trade	80	2.29%	100	2.38%	25%
Sub-Total	780	22.29%	1,090	25.95%	40%
Infrastructure					
Transportation (Primary & Secondary Roads)	550	15.71%	690	16.43%	25%
Water and Sanitation (excluding rural)	150	4.29%	180	4.29%	20%
Power & Electricity	120	3.43%	160	3.81%	33%
Post & Telecommunications	60	1.71%	75	1.79%	25%
Sub-Total	880	25.14%	1,105	26.31%	26%
Services & Cross Sectoral Programmes					
Gender Mainstreaming	30	0.86%	40	0.95%	33%
Tourism	30	0.86%	45	1.07%	50%
Environment and Conservation	100	2.86%	120	2.86%	20%
Community and Social Services	80	2.29%	100	2.38%	25%
Culture & Arts	30	0.86%	40	0.95%	33%
Governance & Administration	220	6.29%	270	6.43%	23%
Sub-Total	490	14.00%	615	14.64%	26%
Unallocated	200	5.71%			
Grand Total:	3,500	100%	4,200	100%	20%

Source: NSDP 2006 Table 5.2 and NSDP MTR 2008 Table 4.3 (derived)

Other priorities identified to facilitate the achievement of the Rectangular Strategy goals are summarised as:

- Maintaining macro-economic stability in light of global turbulence and ensuring that safety nets are available for those affected by food insecurity

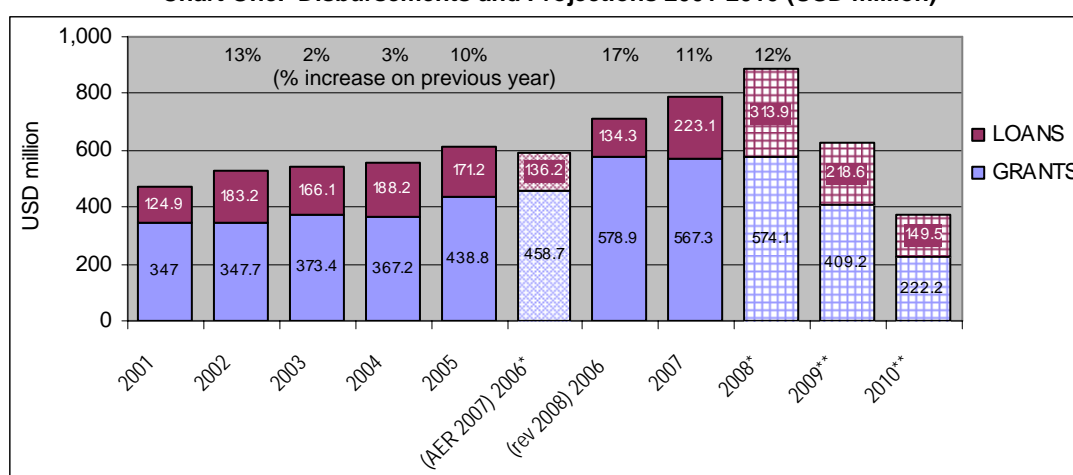
- Enhanced planning and budgeting to ensure optimum resource allocation and implementation, including through aligning external resources and strengthening links between central agencies
- Promoting a sharper focus on agriculture and rural development through complementary investments in rural infrastructure; financial services; and diversification, processing and post-harvest technology

When reflecting on aid effectiveness, the national policy context must at all times be used to reconcile the evidence with progress in achieving these desired outcomes.

Aggregate trends in development cooperation

The overall trend in development cooperation to the end of 2008 is positive (although it must be noted that 2008 figures are still tentative), with total disbursements in 2007 estimated at USD 790.4 million, an annual increase of 11%.³ Chart One shows that the rate of growth in development cooperation has also increased over time, which is a notable achievement given the stagnant or even declining global ODA volume.

Chart One. Disbursements and Projections 2001-2010 (USD million)



Note: 2008 – 2010 omits NGO own resources. 2009-2010 data includes committed funds only.

Chart One also highlights other important features:

- The estimated 2006 disbursement reported in the 2007 AER was 590.4 million (shown in the hatched area, above). This has now been revised upwards by 20%, i.e. by more than USD 120 million, to USD 713.2 million, principally as a result of recording IMF debt relief of USD 82 million.
- After a period of declining loan shares in aggregate disbursements the trend was reversed in 2007 as the loan share increased from 19% in 2006 to 28% in 2007 as all loan financiers (ADB, World Bank, IFAD, China, Japan, Republic of Korea and France) increased their lending activity.
- Data for 2008, 2009 and 2010 is for illustrative purposes only. In all 3 cases the funds provided by NGOs from their own resources have not been included and, for 2009 and 2010 the projections are provisional and apply only to active and pipeline projects (i.e. funds not programmed are omitted).

A Note on Exchange Rates: The exchange rate used for 2007 reporting shows a 5-10% depreciation of the US Dollar when compared to 2006 (although only 1% for Japan, Cambodia's largest development partner). For 2008 reporting the US Dollar rate depreciated by a further 10% against nearly all currencies, meaning that total disbursements in US Dollars terms must be viewed in this context. Approximately 45% of all development cooperation is disbursed in US Dollars and is therefore unaffected by exchange rate movements.

The source of development cooperation financing is shown in Table Four, below. As in previous years, the largest source of development cooperation in 2007 was from Japan, who contributed USD 122.1 million (15% of the total and an 18% annual increase). Also notable is the significant support provided by China, a 75% annual increase, primarily to the infrastructure sectors. Other noteworthy observations include:

- Doubling in support (or more) by the World Bank, Denmark, New Zealand and the Republic of Korea
- Significant increases in percentage terms by Switzerland (50%), Spain (46%), Australia (32%), Finland (16%), UK (14%), USA (14%), Germany (13%) and Canada (10%)

³ Note that the source of all data is the Cambodia ODA Database unless otherwise stated. Data is as reported on 14 October 2008.

- c) Only three partners (UN, GFATM, EC) recorded reduced disbursements, and then only by a few percentage points, underlining the improved stability of most programmes (this disregards the IMF debt relief in 2006 from the analysis, which was a one-off operation).

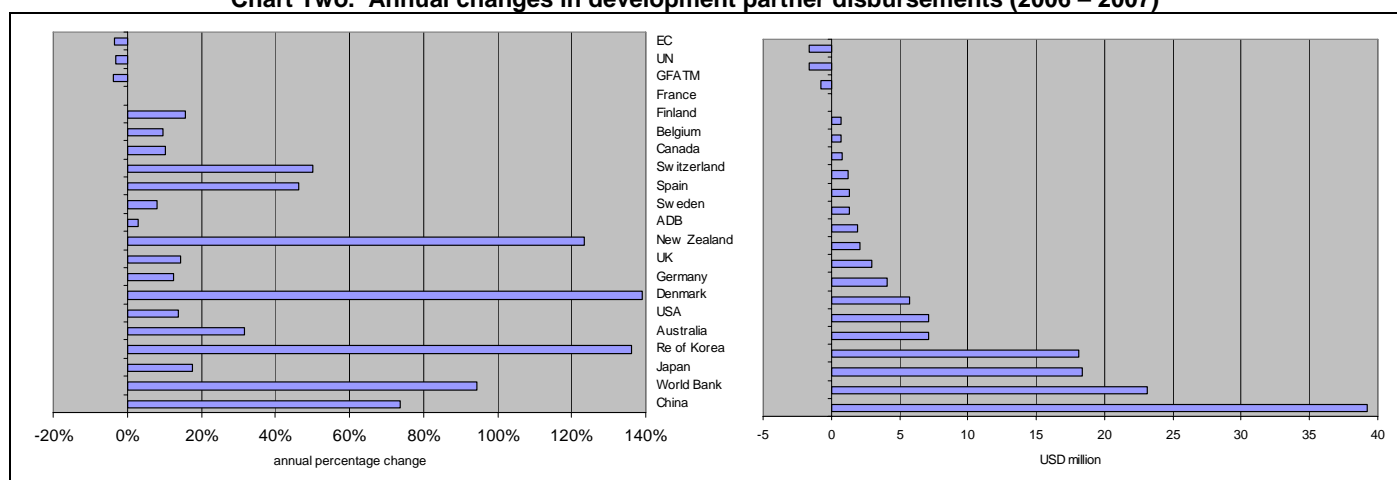
Table Four. Disbursements and Projections by Development Partner 2002-2010 (USD millions)

Development partner	2002	2003	2004	2005	2006	2007 (prov) USD	%	2002-2007 USD	%	2008 (est)	2009 (proj)	2010 (proj)
UN and multilaterals												
UN programs (all funds)	81.8	88.3	73.8	91.8	96.3	96.4	12.2	528.4	---			
UN (own resources)	42.2	44.2	36.3	41.1	54.0	52.4	6.6	270.2	7.2	94.1	58.4	40.2
World Bank	47.2	63.7	49.5	37.8	24.5	47.6	6.0	270.3	7.2	57.1	27.6	7.9
IMF	23.5	12.3	2.4	0.3	83.5	0.9	0.1	122.9	3.3			
Asian Development Bank	78.5	73.3	76.7	89.4	67.5	69.4	8.8	454.7	12.2	114.0	99.5	90.8
Global Fund				18.8	21.9	21.1	2.7	61.8	1.7	32.3	17.4	
Sub-Total UN & multilaterals	191.4	193.4	164.8	187.5	251.2	191.4	24.2	1,179.8	31.6	297.4	202.9	138.9
European Union												
European Commission	25.8	32.7	15.0	23.7	46.5	44.9	5.7	188.6	5.0	52.1	40.4	18.0
Belgium	2.2	3.7	5.2	11.7	7.3	8.0	1.0	38.2	1.0	3.3	4.0	
Denmark	4.8	4.3	5.8	4.8	4.1	9.8	1.2	33.5	0.9	10.1	12.9	10.4
Finland	0.9		3.3	3.3	4.5	5.2	0.7	17.2	0.5	6.8	5.3	0.2
France	28.3	25.9	23.0	24.4	21.8	21.8	2.8	145.3	3.9	33.3	30.4	32.2
Germany	17.2	17.6	14.1	27.3	32.4	36.5	4.6	145.1	3.9	33.0	38.6	19.5
Netherlands	3.7	2.8	1.6	1.1	0.1	0.1		9.4	0.3	0.0		
Spain					2.8	4.1	0.5	7.0	0.2	7.4	3.5	
Sweden	13.6	12.4	22.0	13.6	16.0	17.3	2.2	94.9	2.5	17.9	21.0	10.1
United Kingdom	11.6	15.4	17.0	20.6	20.7	23.7	3.0	108.9	2.9	37.8	35.3	35.8
Sub-Total: EU	108.2	114.7	107.1	130.6	156.1	171.4	21.7	788.1	21.1	201.7	191.5	126.3
Other Bilateral Partners												
Australia	17.8	22.7	24.3	16.8	22.5	29.6	3.7	133.6	3.6	23.0	19.3	17.3
Canada	3.4	2.6	1.5	9.1	7.9	8.7	1.1	33.2	0.9	19.2	15.2	6.1
China	5.7	5.6	32.5	46.6	53.2	92.4	11.7	236.1	6.3	127.9	67.1	47.5
Japan	105.6	101.2	101.8	111.7	103.7	122.1	15.4	646.0	17.3	144.6	53.0	26.3
New Zealand	1.3	1.9	2.4	2.1	1.7	3.8	0.5	13.2	0.4	3.3	3.6	3.6
Norway	3.4	2.7	3.4					9.5	0.3			
Republic of Korea	22.5	10.3	24.1	14.9	13.3	31.4	4.0	116.5	3.1	12.1	19.6	5.6
Switzerland	2.9	2.5	3.2	2.8	2.4	3.6	0.5	17.5	0.5	3.8	2.8	
United States of America	22.1	34.3	40.6	43.3	51.0	58.1	7.4	249.3	6.7	54.9	52.7	
Sub-Total: Other bilaterals	185.7	184.2	234.1	247.2	255.7	349.8	44.3	1,456.6	39.0	388.8	233.4	106.4
NGOs (core funds)	45.6	47.2	49.4	44.7	50.2	77.7	9.8	314.9	8.4			
GRAND TOTAL	530.9	539.5	555.4	610.0	713.2	790.4	100	3,739.4	100	887.9	627.8	371.6

Note: 2008 data is estimated outturn. Some partners provide indicative 2009–2010 figures for active/pipeline projects only

Annual changes in development partner disbursements are detailed in Chart Two, below. It emphasises the increased support that was provided by almost all development partners in 2007 and provides one indication of the depth of support to national development efforts.

Chart Two. Annual changes in development partner disbursements (2006 – 2007)



An important initiative that has benefited from significant cooperation between Government and development partners has been in efforts to strengthen projections that can be used to develop the budget, the Public Investment Programme (PIP) and the Medium-Term Expenditure Framework (MTEF). The NSDP Mid-Term

Review (MTR) and the Evaluation of Aid Effectiveness (self assessments and Independent Review) noted that the links between CRDB's ODA Database and the central planning and budgeting process remain tenuous and the NSDP MTR calls for "more combined and concerted efforts...among the four main central agencies, MoP, MEF, SNEC and CRDB". The provision of data by development partners, although still incomplete and relating only to projects already active or pipelined, demonstrates, however, that national systems are becoming stronger and that development partners are beginning to respond to the commitments they made in Accra.⁴ Continued progress in the context of improving predictability (see discussion, below, under Alignment) will therefore remain a priority for the medium term.

Long-Term Trends in Development Cooperation

Over the period 1992 to 2007, a total of USD 7.86 billion in disbursements has been reported by development partners to Cambodia. These have included contributions of:

- USD 3.1 billion by non-EU bilateral countries (39% of the total)
- USD 2.2 billion (29%) by UN Agencies, IFIs and multilaterals
- USD 1.9 billion (24%) by EU member countries and the European Commission
- USD 1.56 billion (20%) from Japan
- USD 0.65 billion (8%) of core funding (own resources) provided by NGOs

The largest single development cooperation contributor is Japan, which, quite remarkably, has provided 20% of all development cooperation resources in the period 1992-2007. Other major development partners are:

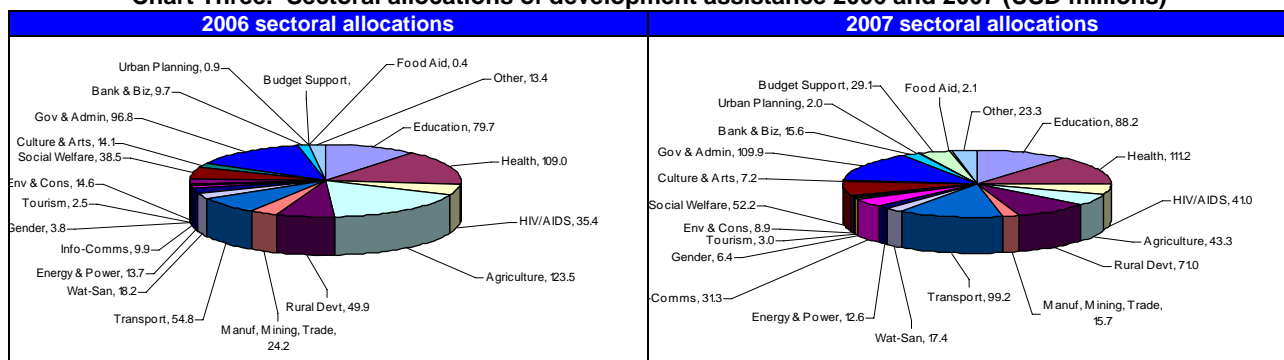
- United States, providing nearly USD 550 million
- European Commission that has provided over USD 500 million
- France that has provided over USD 450 million
- Australia that has provided over USD 330 million
- China, providing over USD 300 million, 75% of which has been disbursed since 2004

Looking forward, it is important to note that new sources of financing are likely to have a considerable impact on the financing profile. Rapid increases by China and the Republic of Korea are noted in Table Four, above, while new cooperation agreements with Qatar and Kuwait, which were concluded in early 2008, will be translated into formal commitments, and then disbursements, primarily to the rural sectors. The profile of support in other sectors will also be affected, for example in health and education, where the Global Fund and the Education For All Fast-Track Initiative, have established themselves as major sources of assistance in their respective sectors in a relatively short time. The future challenge may therefore be framed in terms of managing increased diversity in funding sources (discussed in further detail below), a challenge that is mirrored globally as there are now some 56 official donors and over 230 multilateral agencies and funds (over 100 in the health sector alone), a trend that has been increasing in spite of Paris Declaration commitments to greater efficiency.⁵

Sectoral trends in development cooperation

The allocation of development assistance has traditionally been directed to social sector activities, as can be seen in the pie charts below for both 2006 and 2007. These show the continued high levels of support to both education and health (which sums to USD 144 million in 2006 and 152 million in 2007 when HIV/AIDS

Chart Three. Sectoral allocations of development assistance 2006 and 2007 (USD millions)



⁴ "Beginning now, donors will provide full and timely information on annual commitments and actual disbursements so that developing countries are in a position to accurately record all aid flows in their budget estimates and their accounting systems," Accra Agenda for Action, paragraph 26b.

⁵ See 'Aid Architecture: an overview of the main trends in ODA flows', World Bank, May 2008

is consolidated with general health sector support). Also noteworthy is the significant increase in rural development and transportation in 2007. It is useful to disaggregate these disbursements in terms of the four main NSDP sectors, and this analysis is presented in Table Five, below.

Table Five. Development cooperation disbursements by sector 2005 – 2008 (USD millions)

Sector	2005		2006		2007 (prov)		2008 (est)	
	USD	%	USD	%	USD	%	USD	%
Social sectors								
Education	69.3	11.4	79.7	11.2	88.2	11.2	67.9	7.6
Health	110.3	18.1	109.0	15.3	111.2	14.1	106.0	11.9
HIV/AIDS	25.4	4.2	35.4	5.0	41.0	5.2	44.2	5.0
sub-total	205.0	33.7	224.1	31.5	240.4	30.5	218.1	24.6
Economic sectors								
Agriculture	33.8	5.5	123.5	17.3	43.3	5.5	53.6	6.0
Rural Development	50.0	8.2	49.9	7.0	71.0	9.0	71.4	8.0
Manufacturing, Mining & Trade	10.0	1.6	24.2	3.4	15.7	2.0	29.2	3.3
Urban Planning & Management	3.9	0.6	0.9	0.1	2.0	0.2	4.2	0.5
Banking and Business Services	12.7	2.1	9.7	1.4	15.6	2.0	11.5	1.3
sub-total	110.4	18.0	208.2	29.2	147.6	18.7	169.9	19.1
Infrastructure								
Transportation	73.9	12.1	54.8	7.7	99.2	12.5	170.5	19.2
Water and Sanitation (urban)	24.5	4.0	18.2	2.6	17.4	2.2	26.6	3.0
Energy, Power & Electricity	15.6	2.6	13.7	1.9	12.6	1.6	31.0	3.5
Information and Communications	0.9	0.1	9.9	1.4	31.3	4.0	1.8	0.2
sub-total	114.9	18.8	96.6	13.6	160.5	20.3	229.9	25.9
Services & cross-sectoral								
Gender	2.6	0.4	3.8	0.5	6.4	0.8	7.0	0.8
Tourism	1.2	0.2	2.5	0.4	3.0	0.4	6.1	0.7
Environment & Conservation	12.3	2.0	14.6	2.0	8.9	1.1	7.1	0.8
Community and Social Welfare	35.3	5.8	38.5	5.4	52.2	6.6	14.9	1.7
Culture & Arts	4.8	0.8	14.1	2.0	7.2	0.9	5.8	0.7
Governance & Administration	67.3	11.0	96.8	13.6	109.9	13.9	137.0	15.4
Econ & Devt Policy/Planning			3.5		10.0			
Elections			6.3		6.5			
Human Rights			5.1		9.7			
Legal and Judicial			14.1		11.6			
Decentralisation & deconcentration			39.9		45.9			
Public Financial Management			11.0		5.0			
Public Administration Reform			2.2		2.1			
Civil Society			4.1		8.2			
Other			10.6		10.8			
Budget & BoP Support	11.1	1.8	0.0	0.0	29.1	3.7	22.3	2.5
sub-total	134.6	22.0	170.3	23.9	216.7	27.4	200.2	22.5
Emergency & Food Aid	3.0	0.5	0.4	0.1	2.1	0.3	10.4	1.2
Other	42.0	6.9	13.4	1.9	23.3	2.9	59.5	6.7
Total Disbursements	610.0	100	713.2	100	790.4	100	887.9	100

Consistent with NSDP priorities, comparing 2005 (the year before the NSDP commenced) with 2007, gender, governance, rural development and HIV/AIDS are the main beneficiaries of aid reallocations, although it is perhaps surprising to witness the declining trends in water & sanitation and in environment & conservation sectors. Notable changes in 2007 compared to 2006 include the beginning of the PRGO budget support operation, an increase in food aid, which may be seen as a positive response to increased food insecurity, and continued growth in investment in the tourism sector, which has been identified as having significant potential for growth and employment.

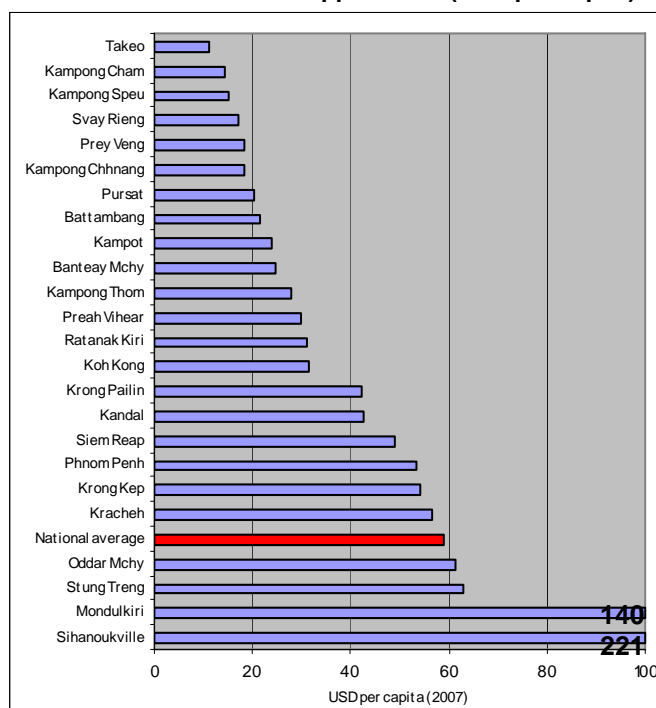
Support to the provinces

In previous years it has been difficult to present meaningful analysis about provincial disbursements as data quality was a concern (national projects were classified as benefiting Phnom Penh only or data was simply not made available). Efforts to validate this information, with a longer-term view to informing the increased focus on rural development, have resulted in some improvements and some basic analysis is now possible. Table Six, below, shows that overall, development assistance to the ten largest beneficiary provinces in 2007 amounted to USD 329 million, three times higher than the USD 110 million received by the other fourteen provinces combined.

Table Six. Provincial support (USD millions)

Province	2005	2006	2007	2008 (est)
Phnom Penh	78.9	68.2	70.7	49.7
Kandal	8.6	26.7	53.8	77.9
Sihanoukville	9.9	27.8	44.2	31.9
Siem Reap	43.5	37.2	44.1	31.3
Kampong Cham	12.4	16.0	24.1	28.0
Battambang	15.9	21.7	22.2	27.1
Kracheh	10.5	10.0	18.0	32.0
Kampong Thom	18.3	17.4	17.6	23.9
Prey Veng	12.9	9.7	17.4	27.6
Banteay Meanchey	15.2	15.2	16.7	20.2
Other	102.2	88.1	106.1	490.7
Nationwide	281.7	375.3	355.5	397.2
Total	610.0	713.2	790.4	887.9

Chart Four. Provincial support 2007 (USD per capita)



Source: National Institute of Statistics (2008 provisional census data)

development partners in 2006 and USD 106 million in 2007. The main area of activity was in governance but there was also a large share of agriculture, rural development and multisectoral support activity (itself mainly a combination of agriculture, rural development, and water and sanitation). There were also important contributions to gender and culture financed by development partners but, as with governance, these are not activities that NGOs themselves appear to fund directly from their own resources.

The role of NGOs in providing direct services, as well as supporting governance and policy advocacy functions, is very clear, and improved data sharing has allowed their significant contribution to be more fully understood. During 2007 and 2008 there appeared to be more engagement between civil society organisations and Government in general, which can be considered a healthy development given the role identified for civil society during the NSDP Mid-term Review. The recent Evaluation on Aid Effectiveness also observed that civil society has an increased role to play in terms of becoming a more engaged partner in dialogue wherever it is appropriate, as well as in ensuring that the implementation and management of their own activities aspire to the same standards of efficiency and effectiveness as for other forms of development assistance (and observing recent progress in introducing the Code of Ethical Principles and Minimum Standards). Noting that NGOs increased their own expenditure on agriculture and rural development in 2007,

In total, 55% of total development assistance was disbursed at provincial level in 2007, broadly in keeping with the shares in previous years.

Once population is taken into account, the picture changes somewhat. Sihanoukville receives the highest level of per capita support (USD 221), principally because of its large volume of assistance, whereas Monduliri receives the second highest amount (USD 140), primarily as a result of its small population. Phnom Penh receives USD 53p.c., marginally below the national average of USD 59p.c., while Takeo, Kampong Cham and Kampong Speu received between USD 10-15 per person in 2007.

NGO support to national development

An important source of provincial assistance comes from NGOs. While NGO core support comprised about 10% of total development cooperation in 2007, the NGO share in total provincial disbursements was 18%. In some provinces support from NGOs makes up a significant share of total non-government support: 46% of development cooperation resources disbursed in Siem Reap in 2007 derived from NGOs.; for example; 36% in each of Takeo and Koh Kong; 21% in Kompong Chhnang; and 19% in Kampong Cham.

The major NGO activities continue to be focused primarily on the social sectors. In 2006 and 2007 approximately two-thirds of NGOs' own resources were directed to health and education, with community welfare and rural development comprising the other main activities. NGOs reported a 50% increase in core fund expenditure in 2007, contributing USD 78 million to national development activities compared to USD 50 million in 2006 (see Table Seven, overleaf).

The significant contribution made by NGOs to the national development effort is further emphasised when their important role as implementing partners is augmented to their direct financial contribution. NGOs managed USD 133 million on behalf of

as well as managing more resources from development partners in these sectors, the role of NGOs in supporting the implementation of this Rectangular Strategy priority becomes immediately apparent.

Table Seven. NGO sector support 2006 – 2007 (USD million)

Sector	2006						2007 prov					
	NGO funded by development partners		NGO Core Funds		Total		NGO funded by development partners		NGO Core Funds		Total	
	USD	%	USD	%	USD	%	USD	%	USD	%	USD	%
Health	14.3	12.6	28.3	56.5	42.6	26.1	9.5	9.0	36.7	47.2	46.2	25.2
Education	3.4	3.0	5.2	10.4	8.5	5.2	4.1	3.9	18.3	23.5	22.4	12.2
Community Welfare	3.0	2.6	7.7	15.3	10.7	6.5	3.6	3.4	10.3	13.3	13.9	7.6
Rural Development	5.8	5.1	6.7	13.4	12.5	7.7	7.9	7.5	8.5	10.9	16.4	8.9
Agriculture	7.4	6.5	1.5	2.9	8.8	5.4	17.9	17.0	2.7	3.5	20.7	11.3
Manufacturing/Trade	1.5	1.4	0.2	0.3	1.7	1.0	6.7	6.3	0.6	0.8	7.3	4.0
Governance	33.0	29.1	0.0	0.0	33.0	20.2	29.8	28.2	0.0	0.0	29.8	16.2
Banking/Buss Services	7.9	7.0	0.0	0.0	7.9	4.9	1.9	1.8	0.0	0.0	1.9	1.0
Culture & Arts	1.4	1.2	0.0	0.0	1.4	0.9	1.5	1.4	0.0	0.0	1.5	0.8
Gender Mainstreaming	1.8	1.6	0.0	0.0	1.8	1.1	2.7	2.5	0.0	0.0	2.7	1.5
Multisectoral	29.1	25.7	0.0	0.0	29.1	17.8	10.9	10.3	0.0	0.0	10.9	5.9
Other	4.7	4.2	0.6	1.2	5.3	3.3	9.4	8.9	0.6	0.8	10.0	5.5
TOTAL	113.3	100	50.2	100	163.5	100	105.8	100	77.7	100	183.5	100

Reviewing the evidence of H-A-R Action Plan implementation in 2007 and 2008

The data presented above can be applied to the experience of implementing the H-A-R Action Plan, in particular in reviewing the recommendations included in the 2007 Aid Effectiveness Report, the Paris Declaration Monitoring Survey and the recently-completed Evaluation. While the data has shown that aid flows have increased and that both development partner and NGO focus appears to have turned to the rural development priorities identified by Government, the Independent Review of Aid Effectiveness found that, in common with many partner countries, Cambodia faces a challenge of "moving the aid effectiveness agenda out from the centre of a few key agencies at the heart of Government, to become a working reality in the ministries and communities where it must ultimately be implemented." This evidence, combined with the data presented above, can therefore shed light on how effectively these funds are managed and the nature of any changes in aid management practices that are required to enhance development results.

Ownership

"The Cambodian record of setting out policies and processes to improve the effectiveness of aid has been an impressive one...in every one of the positive cases identified the main credit for progress is attributed to some combination of strong leadership and capacity"

Independent Review of Aid Effectiveness in Cambodia (2008)

Ownership as a concept has sometimes been elusive but it may be thought of as existing in both 'hard' and 'soft' forms. The harder aspects of ownership concern the policy frameworks, the planning and budgeting tools and the quality of the processes by which they are managed. The softer side relates to the political leadership and technical capacities that are required to make the central policy, planning and budgeting systems function effectively. A number of analytical inputs have been produced in 2007 and 2008 that recount the progress that has been made in strengthening policy frameworks and institutional arrangements.

With regard to progress in consolidating planning, budgeting and implementation, at central level the NSDP MTR and the recent Evaluation of Aid Effectiveness reported a mixed picture. Each individual component – the articulation of the Rectangular Strategy Phase II, the process of preparing the NSDP Mid-Term Review, stronger macroeconomic performance and budgeting under the PFMRP, and improved aid management as a result of Government collaboration with development partners – represents encouraging progress but there still remains a coordination challenge in making these component parts function as a coherent whole. The Independent Review observed that "Institutional arrangements to carry out NSDP functions are poorly integrated and weakly connected", an observation that is shared by the Ministry of Planning, who wrote in the NSDP MTR that "much more active progress needs to take place, with urgency."

These findings are borne out by the recent Paris Declaration monitoring survey, which noted progress but recommended that "an increased focus needs to be placed on the development and strengthening of country systems at all levels (planning, budgeting, execution, reporting, monitoring & evaluation)." As a result, Cambodia has been placed in the category of countries (group C) that has established the system's core but are still to effect sufficiently strong institutional linkages. It must also be noted that this central bottleneck constrains planning, costing and budgeting activity at line ministry level and this was demonstrated by a number of TWGs during the self-assessment stage of the Evaluation of Aid Effectiveness.

A second strand to the ownership challenge concerns the need to exercise leadership and develop capacities for effectively managing resources. In this regard much more progress has been made and the Independent Review noted "a good deal of evidence that the Government and a number of its agencies have indeed been increasingly clear and assertive in expressing their priorities." Associated efforts have been made at technical and management levels as training and block grant support has strengthened the technical competence and administrative capacity of the TWGs while on-going dialogue continues regarding the effective management of consultative fora, including the GDCC, so that these mechanisms may be sure to function effectively.

A final consideration requires a more fundamental reflection on the nature of ownership itself, its basis in power relations, and the way in which it manifests itself in the Cambodia context. Given the inherent imbalances – in terms of financial resources and technical capacities – within and between the national partners (central Government, line ministries, National Assembly and civil society) and external agents, the extent to which ownership is sustained internally or bestowed externally becomes an important consideration. Recent global analysis associated with the Paris Declaration suggests that, rather than working within the reality of the national context and understanding the dynamics that result, some development partners still impose externally-driven change, retrofitting the development landscape to the global paradigm to ensure that their programmes are compatible with these global norms rather than the national context. Well entrenched cultural, administrative and political interests reinforce consequent inefficiencies in aid and recent analysis of technical cooperation in Cambodia suggests that similar factors may apply in the case of Cambodia.⁶

So how to proceed? Many of the building blocks are in place and the Strategic Plan for supporting the Ministry of Planning represents an important opportunity for further strengthening central coordination functions. Strengthening linkages between central agencies – MoP, MEF and CRDB – must then proceed at three levels: by consolidating the political leadership articulated in the Rectangular Strategy by creating an appropriate set of incentives for enhanced information sharing and management; and by developing capacity to effectively plan, budget and monitor NSDP implementation. The insights presented by the Independent Review of the Evaluation suggest that limiting the complexity of future planning exercises can improve responsiveness and implementation, first by allowing for a more direct link between objectives agreed at a high level and the strategies to implement them, and, second, by removing technical barriers that currently limit national engagement to a relatively small core of technical experts.

Alignment

"Donors agree to use country systems as the first option"

Accra Agenda for Action (2008)

Alignment makes reference to: (i) the degree of 'fit' between national development priorities and development partner support, and (ii) the strengthening and use of national systems for programming, disbursing and reporting on aid-financed activity. It was therefore encouraging that the Paris Declaration monitoring survey (see Table Two, page 5) recorded progress in recording aid in Government systems – up to 85% in 2007 compared to 79% in 2005 – and greatly improved aggregate predictability (the ratio of planned to disbursed aid was 96%).

The main factor in these successes – which have the potential to greatly reinforce the planning and budgeting exercise – reflects improved systems and working practices by both Government and development partners. The Cambodia ODA Database, maintained by CRDB, but using information provided by development partners and validated by Government, provides a budget-compatible tool for recording commitments and disbursements. In addition, as a result of the ODA Database serving as a common tool for both parties, any discrepancy between disbursements reported by development partners and those recorded by Government are eliminated. The fisheries sector also reports similar progress in setting up systems at a sectoral level, although the willingness of development partners to make use of these systems is less

⁶ See 'Technical Cooperation for Capacity Development in Cambodia – Making the System Work Better' (2008) and "Synthesis Report of the Evaluation of the Implementation of the Paris Declaration' (2008)

emphatic. These initiatives demonstrate the rapid progress that can be made in strengthening and using national systems if both parties are prepared to make a commitment to doing so.

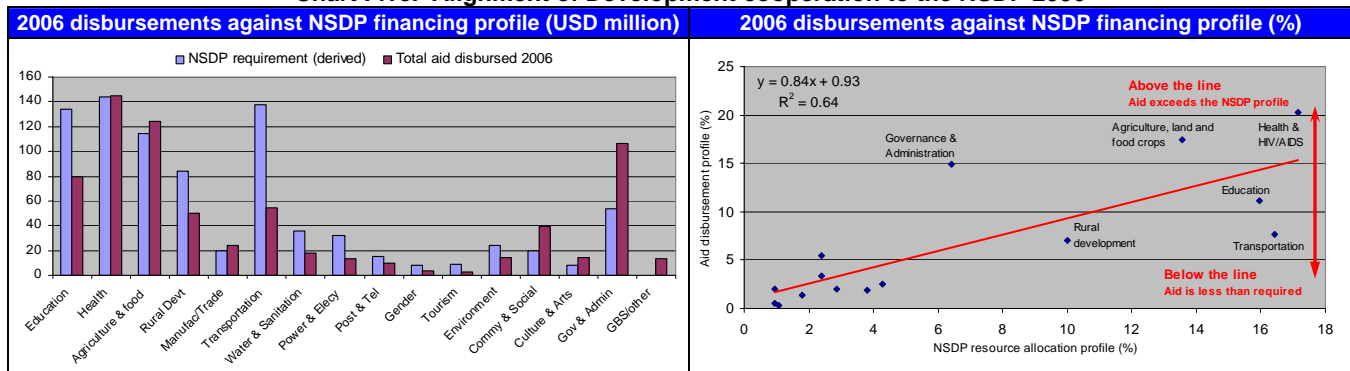
Other Paris Declaration monitoring indicators revealed a less optimistic picture: the number of Project Implementation Units (PIUs) increased from 49 to 121 and there was very limited evidence of any increase in using Government financial management and procurement systems.⁷ These indicators need to be nuanced in the Cambodia context, however, as recent work underlines that addressing their underlying causes is likely to be a long-term undertaking. Capacity development analysis, associated with the use of technical cooperation, showed that the use of PIUs is rooted in the reality of fragile national systems so that, whether integrated or parallel, their presence is accepted by many as necessary, even desirable. The strengthening of public financial management systems, considered to be making significant headway, is a further example of how the use of Government systems must be viewed in a longer-term capacity development context.

A greater challenge in alignment concerns the management of cross-sectoral issues such as gender, HIV/AIDS, child welfare, food security and land management. The Gender TWG reported some notable successes in coordinating the Cambodia Gender Assessment 2008 across a broad range of stakeholders and was also able to engage effectively in the preparation of the Anti-Trafficking Law and the Organic Law on Decentralisation and Deconcentration, however significant challenges remain. This view was echoed by other TWGs during the self-assessment phase of the Evaluation of Aid Effectiveness as all those engaged in cross-sectoral work indicated some difficulty in establishing sufficiently robust institutional linkages. This is perhaps symptomatic of broader policy networking challenges in Cambodia and may require concerted action by TWG chairs, development partner facilitators and, possibly, within the GDCC.

An assessment of the programming and delivery of development assistance provides perhaps the most practical indicator of alignment. Given the limitations and relevance of the Paris Declaration indicators to Cambodia, this analysis has provided the basis for the NSDP MTR observation that more effort still needs to be made to align resources. Alignment can therefore be seen as a test of allocative efficiency: if we do not allocate funds to the correct activities then we will not achieve the desired results. The evidence may be considered in two ways, first in terms of absolute alignment and then in the relative profile of aid delivery.

Using the revised NSDP costings detailed in Table 4.3 of the NSDP MTR, the implied total annual requirement to implement the NSDP is USD 840 million, which means that total development assistance financed 85% of total required NSDP requirements in 2006 and 95% in 2007: at the most aggregated level external support is closely aligned to national requirements. Chart Five shows the sectoral disbursements against average annual NSDP requirements and it can be seen that some sectors are adequately resourced (governance, health, agriculture and food crops, and community and social welfare) while others were relatively under-resourced (rural development, transportation and education).

Chart Five. Alignment of Development cooperation to the NSDP 2006



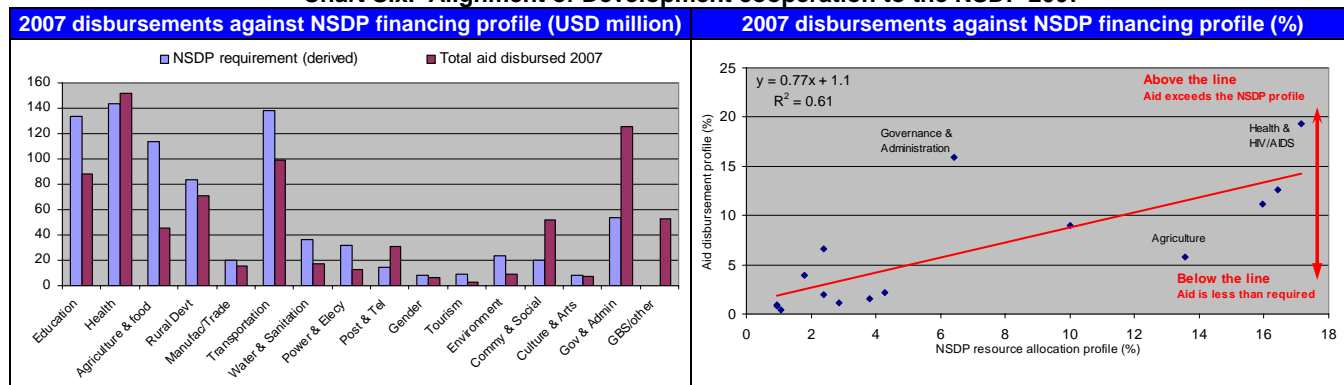
In this regard it is important to emphasise the importance of domestic resources and the budget process as a means of ensuring that all priorities are adequately resourced as well as securing effective use of the limited but increasing PRGO budgetary support resources. Comparing financial requirements and commitments is a useful point of departure for considering alignment but the relative shares in resource allocation are also of interest as, when the total resources required and deployed are not quite equivalent, this approach can bring the relative over or under-funding of each sector into sharper focus.

⁷ It must be noted that a significant measurement error is suspected in the PIU figure and the accuracy of both 2005 and 2007 is highly questionable. Analysis must therefore be undertaken with caution.

The scatter plot on the right of Chart Five shows that in 2006 the relationship between requirements and provision – alignment – was statistically very high. This shows that alignment to national priorities was relatively good, although as the NSDP has observed, there is still room for more progress as the gap between required and actual resourcing in governance, rural development and transportation has shown.

The analysis is repeated for 2007 and reveals a broadly similar picture, although the reduced funding to agriculture after the one-off increase provided by IMF debt relief in 2006 has meant that this sector is now relatively under-funded (although these debt relief resources will actually be expended on agriculture, irrigation and rural water activities from 2007 and beyond). Transport infrastructure financing also increased quite significantly, in part due to the increased resources from China, although the sector still displays a shortfall.

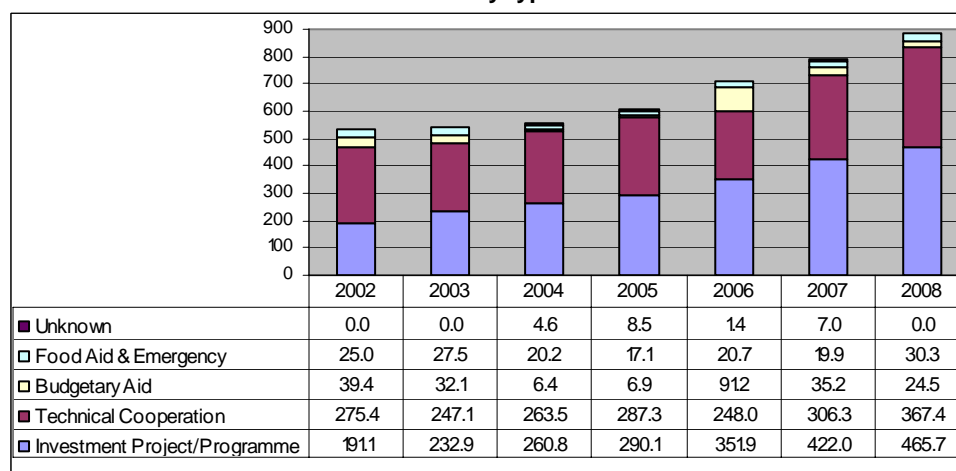
Chart Six. Alignment of Development cooperation to the NSDP 2007



Aid modalities

The alignment of modalities is also an important area for consideration. Government has previously expressed its preference for more programmatic assistance (discussed under harmonisation, below) and for budget support. The onset of the Poverty Reduction and Growth Operation (PRGO) was therefore welcomed by Government in 2007 and disbursements by the World Bank and Japan in 2007, joined by UK/DFID in 2008, resulted in USD 30 million (2007) and USD 22 million (2008) being made available.⁸ Otherwise the extent to which increased programme-based funding recorded during the Paris Declaration survey has actually aligned with national systems is a moot point, as indicator 5 shows little movement towards their use. The experience of Cambodia is perhaps not unique as globally it has been observed that "joint financing and implementation arrangements continue to be defined by donors, sidestepping regular sector structures and procedures – harmonisation without alignment."⁹

Chart Seven. Disbursements by type of assistance 2002 - 2008



Given the importance of capacity development, the provision of technical cooperation has been the focus of particular attention in 2007 and 2008. Following the analysis undertaken in the 2007 Aid Effectiveness Report a consideration of the role of technical cooperation in supporting the core reform programmes and other

⁸ The IMF debt relief operation, although in some sense to be considered as budgetary support is included in the agriculture sector for much of the analysis as it was committed to the financing of that sector.

⁹ "Enhancing Results by Applying the Paris Declaration at Sector Level" (2008) Outcome Document of Roundtable 8 presented at the Accra High-level Forum on Aid Effectiveness.

capacity development support resulted in the production of a Guideline on the Role and Management of Technical Cooperation, ideally to be implemented as part of the Council for Administrative Reform's overall policy on capacity and human resource development. In light of the observation in last year's report that "the reliability of the analysis is open to question" many development partners, principally USAID, took the opportunity to review support categorisation and reclassified much of their TC as investment assistance. As a consequence the number for technical cooperation provision in 2006 reported in last year's report of USD 275 million – approximately half of total disbursements – has been revised to USD 248 million so that, in the context of an increased revised total disbursement of USD 713 million, the overall share of technical cooperation in 2006 falls to 35%, rising slightly in 2007 to 39%. As Chart Seven has shown, the largest modality of support is the investment project, which accounted for 50% of support in 2006 and 2007 (details for each development partner are provided in Table Eight, below).

Table Eight. Development partner disbursements by type of assistance (USD million)

	2006							2007							2008						
	FTC	ITC	IPA	GBS	Food aid	other	Total	FTC	ITC	IPA	GBS	Food aid	other	Total	FTC	ITC	IPA	GBS	Food aid	Total	
United Nations agencies																					
FAO		0.2					0.2	0.2	0.1					0.3	0.5				0.2	0.7	
IFAD			4.1				4.1			5.5				5.5			5.4			5.4	
ILO	3.8		0.1				3.9	3.4		0.1				3.6	1.4		0.2			1.6	
UNAIDS	0.4						0.4	0.4						0.4							
UNDP	7.8						7.8	9.2						9.2	35.0					35.0	
UNESCO	2.1						2.1	1.9						1.9	2.3					2.3	
UNFPA	2.1						2.1	2.9						2.9	5.0					5.0	
UNICEF		12.1					12.1		12.1					12.1		9.7				9.7	
WFP					19		19					15.9		15.9					28.0	28.0	
WHO	2.2						2.2	0.6						0.6	3.9	2.4				6.3	
International Financial Institutions																					
World Bank	0.7	7.2	16.5				24.5	0.6	5.1	26.5	15.5			47.6	1.4	41.8	14.0			57.1	
IMF	1.4			82.1			83.5	0.9						0.9							
ADB	3.2	4	60.2				67.5	3.2	4.1	62.1				69.4	3.6	4.1	106.3			114.0	
Others																					
Global Fund			21.9				21.9			21.1				21.1			32.3			32.3	
sub-total	23.7	23.5	102.8	82.1	19		251.3	23.3	21.4	115.3	15.5	15.9		191.4	53.2	57.9	158.1		28.2	297.4	
European Union																					
Belgium	6.9		0.1			0.4	7.3	7		0.5			0.4	8	3.3					3.3	
Denmark	2.8		1.3				4.1			9.8				9.8			10.1			10.1	
Finland	4.5						4.5	5.2						5.2	6.8					6.8	
France	2.6	1.6	17.6				21.8	2.8	0.9	18				21.8	9.2	1.6	22.4			33.3	
Germany	13.2	8.1	9.3		0.8	1	32.4	16.3	0.2	12.6		0.9	6.5	36.5	18.0		14.1		1.0	33.0	
Netherlands	0.1						0.1	0.1						0.1						0.0	
Spain	1.1		1.7				2.8	2.7				1.4		4.1	6.2				1.1	7.4	
Sweden	2.1	7.5	6.3				16	0.9	16.4					17.3	0.9	17.0				17.9	
UK	8.1	0.2	12.2	0.1			20.7	12.8	0.1	10.3	0.5			23.7	27.6		7.2	3.1		37.8	
EC	37.5			9			46.5	39.3			5.6			44.9	36.1	0.2		15.8		52.1	
sub-total	41.4	17.4	48.5	0.1	0.8	1.4	109.7	47.8	17.6	51.2	0.5	2.3	6.9	126.5	108.1	18.9	53.7	18.9	2.1	201.7	
Major Bilaterals																					
Australia	18.3	3.9			0.3		22.5	26.4	3.2					29.6	20.9	2.2				23.0	
Canada	7.9						7.9	8.7						8.7	19.2					19.2	
China	0.4		52.8				53.2			92.4				92.4		22.0	105.9			127.9	
Japan	37.9		65.7				103.7	37.2	0.1	71.2	13.6			122.1	40.5	13.5	85.0	5.6		144.6	
New Zealand	1.2	0.5					1.7	1.3	2.5					3.8	1.6	1.8				3.3	
Rep of Korea	8.1		5.1				13.3	31.4						31.4	3.0	3.7	5.3			12.1	
Switzerland	0.1	0.3	2				2.4	0.5	0.4	2.7				3.6	0.9		2.8			3.8	
USA			51				51			58.1				58.1			54.9			54.9	
sub-total	73.9	4.7	176.6	0	0.3	0	255.7	105.5	6.2	224.4	13.6	0	0	349.7	86.1	43.2	253.9	5.6		388.8	
NGO	18.4	7.2	24		0.6		50.2	32.1	12.8	31		1.8	0.1	77.7							
TOTAL	195.1	52.9	351.9	91.2	20.7	1.4	713.2	248.3	58	422	35.2	19.9	7	790.4	247.4	120	465.7	24.5	30.3	887.9	

Note. Glossary attached as Annex Five defines each type of assistance

Predictability

In addition to aligning with national priorities, using local systems and providing support through the use of an appropriate modality, the predictability of aid delivery can have a profound effect on ensuring the effectiveness of aid. The global dialogue that took place prior to the High-Level Forum in Accra identified this issue as particularly pertinent so it is pleasing to note the significant progress that Cambodia has made in improving aid predictability in the last two years. In the context of on-going public financial management reform, the development of the Cambodia ODA Database, and the shift from formal pledging at the Consultative Group towards indicative medium-term projections shared at the CDCF, more emphasis has

been placed on planning and programming of resources. The Paris Declaration monitoring survey then provided an opportunity to record this progress and showed a close match between scheduled and actual within-year disbursements (see Table Two, page 5). Principal indicators of predictability concern the use of figures provided at the CDCF for the Multi-Year Indicative Financing Framework (MYIFF) and those recorded in the ODA Database. Table Nine, below, shows that, although aggregate predictability in 2007 is recorded at 99% (for those partners who provided an estimate at the CDCF in June 2007), there is significant variance between individual partners. Repeating the analysis for 2008 shows even larger variance for individual development partners and a significantly higher estimated figure for 2008 than anticipated at the CDCF.

Table Nine. In-year predictability of development assistance 2007 and 2008

	2007				2008			
	MYIFF	Provisional data	USD difference	% (=a/b)	MYIFF	Est. disb't	USD difference	% (=a/b)
Rep of Korea	12.3	31.4	19.1	255%	38.7	12.1	-26.7	31%
Germany	21.8	36.5	14.7	168%	19.3	33	13.7	171%
Finland	3.3	5.2	1.9	155%	3	6.8	3.9	231%
New Zealand	2.5	3.8	1.3	153%	2.7	3.3	0.6	122%
Belgium	6.5	8	1.5	123%	3.8	3.3	-0.5	87%
USA	48.8	58.1	9.3	119%	0	54.9	54.9	---
Japan	112.3	122.1	9.8	109%	112.3	144.6	32.3	129%
China	91.5	92.4	0.9	101%	105.1	127.9	22.8	122%
UK	24.7	23.7	-1	96%	28.5	37.8	9.3	133%
ADB	74.8	69.4	-5.4	93%	57	114	57	200%
EC	50.5	44.9	-5.6	89%	35.2	52.1	16.9	148%
Sweden	19.7	17.3	-2.4	88%	23.8	17.9	-5.9	75%
France	25.1	21.8	-3.3	87%	36.2	33.3	-2.9	92%
Spain	5	4.1	-0.9	83%	7	7.4	0.3	105%
UN agencies	64.8	52.4	-12.4	81%	59.7	94.1	34.4	158%
Australia	37.6	29.6	-8	79%	41.9	23	-18.9	55%
World Bank	62.6	47.6	-15	76%	86.7	57.1	-29.6	66%
Canada	11.7	8.7	-3	74%	16.4	19.2	2.8	117%
Denmark	13.6	9.8	-3.8	72%	17.4	10.1	-7.3	58%
Total	689.2	686.8	-2.4	99.7%	694.8	851.9	157.1	123%

The MYIFF and ODA Database tools are now well established as mechanisms to support planning and programming of development assistance. Continued cooperation is required to ensure that progress recorded to date can be consolidated and translated into more effective budgeting and programme management.

Harmonisation and Partnerships

"A good number of line ministries have come to take stronger ownership of the aid effectiveness agenda at the sectoral level and display readier willingness to challenge development partners to live up to their harmonisation commitments."

Independent Review of Aid Effectiveness in Cambodia (2008)

The H-A-R Action Plan's harmonisation objectives prioritise the use of programme-based approaches (PBAs) and delegated cooperation arrangements as measures to promote the efficient delivery of aid by strengthening ownership, aligning with national priorities and promoting the use of national systems. The 2008 Paris Declaration monitoring survey recorded only a small increase in programme-based support, however, mostly due to the increased number of PBAs rather than a demonstrated increase in eligible funding to existing PBAs. This perhaps indicates that established PBAs are struggling to make further headway and, having assumed the transaction costs associated with these new modalities – joint planning, dialogue, review etc – there is now a risk that, with continued parallel funding, these sectors will become locked into a permanently higher transaction cost scenario.

While PBAs must endeavour to accommodate all forms of financing modality they must also strive to move beyond their current working arrangements which at times do not extend beyond the provision of loosely coordinated annual planning and review functions. At a minimum this may mean reflecting the finances and activities of all forms of support in the annual operational plans as a basis for comprehensive programming, making more use of national reporting systems, and adopting common methods of monitoring and review.

Given the progress to date and the preparations that are currently underway in a number of other sectors to adopt programmatic approaches, there is cause for cautious optimism that progress may be made, however the challenge is formidable and may be complicated further by vertical funds and other new sources of development financing.

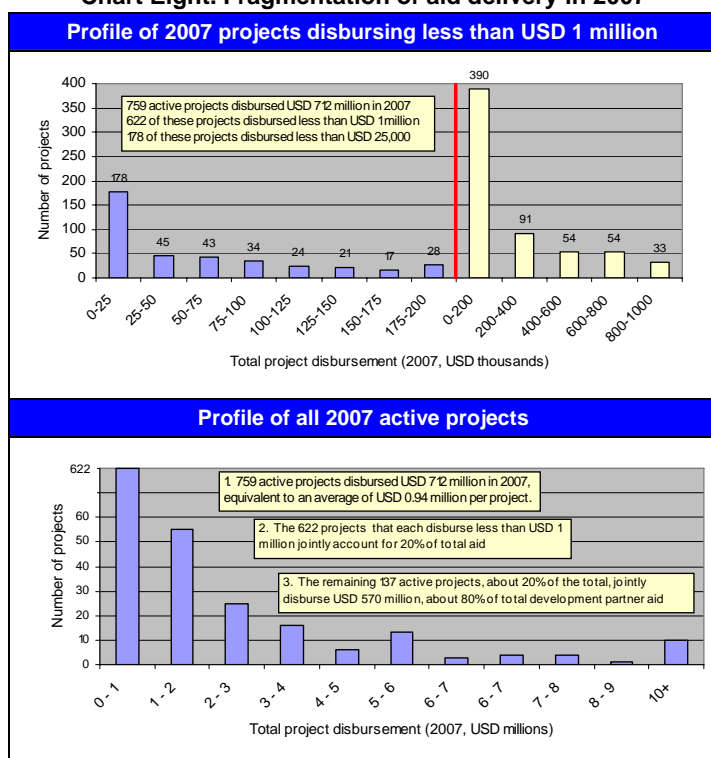
The number of delegated cooperation arrangements remained relatively low in 2007 (27 instances of partners leading a co-funded project) and there were 41 instances of partners delegating funds to another – but where sporadic outbursts of harmonisation did take place in 2007 the flows involved in the projects identified in Table Ten totalled USD 64 million, 9% of development partners' total support. Prospects for further delegation and/or cooperation appear good as the PRGO operation and health sector pooled funding were important initiatives that took place in 2008.

Table Ten. Partnership arrangements reported in 2007

Lead partners, number of project and sectors			Delegating partners, implementers and sector	
ADB	3	Community and Social Welfare Agriculture (2)	EU/EC	UNDP – Comm/Social Welfare, Gov & Admin UNICEF - Health FAO – Agriculture (2) World Bank (2) - Gov & Admin, Trade
World Bank	6	Banking & Biz, Gov & Admin (3), Health, Rural development	Finland	World Bank – Rural Development ADB - Community and Social Welfare
IFAD	2	Agriculture (2)	France	ADB – Agriculture (2)
UNDP	5	Governance & Administration (4) Rural Development Community & Social Welfare	Germany	UNFPA – Governance & Administration UNDP – Governance & Administration FAO - Health
UNFPA	1	Governance & Administration	Spain	UNDP – Gov & Admin WFP – Food Aid
UNICEF	4	Health, Education, Rural Water-San, Comm'y/Social	Sweden	UNDP – Governance & Administration (2) UNICEF – Education
WFP	1	Food Aid / Health / HIV/AIDS / Transportation	UK	World Bank – Gov & Admin (2), Health UNDP – Governance & Administration (2) Denmark – Agric / Gov & Admin / Rural Dev't US - Health/HIV/AIDS UNICEF - Rural Water-San, Comm'y/Social
FAO	3	Agriculture (2), Health	Australia	World Bank - Gov & Admin (3), Banking/Biz UNDP – Gov & Admin (3), Rural Dev't
Denmark	1	Agric / Gov & Admin / Rural Dev't	Canada	UNDP – Gov & Admin, Rural Dev't
USA	1	Health/HIV/AIDS	New Zealand	UNDP – Governance & Administration Denmark – Agric / Gov & Admin / Rural Dev't

The initial enthusiasm for PBAs in Cambodia was seen as a response to high levels of aid fragmentation. The analysis presented in the 2007 Aid Effectiveness Report provided a compelling case for making an

Chart Eight. Fragmentation of aid delivery in 2007



increased effort to reduce aid fragmentation, which had become a significant challenge as a result of Cambodia's valued partnerships with many multilateral and bilateral agencies. The analysis presented last year need not be repeated, although its conclusions and prescribed actions remain relevant.

Complementary analysis can offer a different insight into the challenge, however, and a focus on the number of projects that were active in 2007, and the implied costs of managing each of them, is instructive.

Chart Eight shows the total disbursement profile for all projects that were active in 2007. Of the total 759 active projects, 622, more than 80%, disbursed less than USD 1 million each. The total disbursement of these 622 projects was USD 142 million, an average of USD 229,000. 80% of the active projects in Cambodia disburse 20% of the aid. Conversely, 20% of the active projects disburse the other 80%.

While the principle of accepting all aid modalities is agreeable, this demonstration of excessive aid fragmentation complements the 2007 Herfindahl index and emphasises the need to reduce the excessive costs of project management. It is also the case that if 'everyone does everything' then it is difficult to associate inputs with results, resulting in sector monitoring becoming more about collective responsibility than mutual accountability. Having reviewed the evidence there appears to be no alternative to increased effort to strengthen PBAs, so that they actually deliver their promised efficiencies, to increasing the number of delegated cooperation arrangements and to introducing some form of division of labour approach.

This latter initiative has been discussed in Cambodia, most recently in the context of the EU Roadmap. It has been observed globally that "the lack of progress on sector concentration relates to counter-incentives on both the donor and partner country sides [meaning that the process can be] highly contentious, with some donors taking steadfast positions on their comparative advantages."¹⁰ This means that, while the Accra Agenda for Action reasserts the Paris Declaration principle that it should be the partner country to lead this process, it can understandably be a fraught and precarious undertaking for an aid-dependent Government. Indeed this may partly explain why so much has been written globally of 'division of labour' while little has actually been done.

It is possible to establish principles, however, and the Government is willing to set out its vision for how such an exercise may be conducted. It is also prepared to facilitate such a process between willing partners but, beyond the negotiation of a country strategy and consultations during programming, it is challenging for Government to direct its development partners as to which areas they may support. Notwithstanding these limitations, these principles might include:

1. Complementarity should be viewed at the national level (number of partners and support across sectors) and within a sector (number of partners, projects and a complementary mix of modalities).
2. The challenge is to manage diversity not to impose uniformity so aid effectiveness competencies (e.g. use of PBAs, TA pooling, delegated cooperation) are relevant alongside technical capacity.
3. Ensuring that no sector is left 'orphaned' will require a multi-partner/multi-sector approach that is based on data and evidence related to scale and modality of support.
4. Based on relatively well-established criteria, division of labour should also take account of:
 - a) headquarter mandate and a recognised role in a sector activity
 - b) established sector expertise in Cambodia and commitment to maintaining technical presence
 - c) predictable and committed funding of the sector
 - d) aggregate consistency and complementarity of a partner's country programme profile
 - e) demonstrated trust and working relationships with Government counterparts
 - f) commitment to implementing agreed TWG Guideline and aid effectiveness practices
 - g) capacity to accept some form of leadership or coordination role that has collective utility
 - h) the existing profile of a sector (financing, number of partners, modalities)
5. The role of the International Financial Institutions, the UN, and specialised funds must be taken into account in sectors where they are active (e.g. for use in delegated cooperation arrangements).

For the lead facilitator of a TWG it has also been agreed that, consistent with the TWG Guideline, they must be at a senior level, competent in the field, active in information sharing and be able to contribute to the development of the TWG and its secretariat. The additional Government preference that a lead facilitator should normally serve for at least two years may imply some practical difficulties given the short assignments of some senior development partners. While these principles may provide a starting point it is also necessary to temper them by observing that the complexity of programming development resources – the difficulty in identifying specific sector categories, for example – means that this approach can only serve as a starting point to rationalize and some degree of pragmatism and flexibility will therefore be required.

Harmonisation is perhaps where aid effectiveness fatigue is most acute, with many meetings of development partners dedicated to efforts at identifying common approaches. It is also noteworthy that a significant number of the development partner self-assessments for the Evaluation of Aid Effectiveness identified a lack of internal awareness and incentives for pursuing more collaborative approaches; for some agencies the need for managing aid more effectively may not be a priority but for Government, with limited capacity, it most certainly is. While many of these activities are therefore worthwhile and should continue another response may be to move beyond 'aid effectiveness' as a specialised area and to apply its principles more pragmatically and more directly at sector level, identifying key bottlenecks and joint actions that are required. The challenge is to bring these discussions down to the sectors and make them relevant at that level.

¹⁰ "Enhancing Results by Applying the Paris Declaration at Sector Level" (2008) Outcome Document of Roundtable 8 presented at the Accra High-level Forum on Aid Effectiveness.

Managing for Results

"We will be judged by the impacts that our collective efforts have on the lives of poor people"

Accra Agenda for Action (2008)

The ability to monitor and evaluate is considered to be essential for decision-making. Obtaining accurate, timely and relevant information is perhaps the single most important part of the policy-making and monitoring process. This report provides one example of how evidence can be collected and used to support policy and to inform implementation of development activity. Perhaps the most significant results-based exercise that has taken place, however, concerns the NSDP, which has identified a number of areas where progress has been made, for example in improving health outcomes and rising agricultural productivity, and where dialogue between all stakeholders at sector level may ensure that these gains are consolidated. The Independent Review of the Evaluation of Aid Effectiveness therefore emphasised the importance of strengthening the national poverty monitoring framework associated with the NSDP, which, together with the linking of sub-national systems, remains one of the most formidable challenges in fostering evidence-based development management in Cambodia.

More broadly, the Evaluation of Aid Effectiveness self-assessments showed that monitoring systems at sector level are improving, albeit at a slower pace than many had hoped for. Many TWGs reported that a good deal of the challenge lies in being able to associate the results that they see with the inputs that have been provided. This problem of attribution is exacerbated as there is often a weak causal link between plans, budgets, implementation and reporting. This emphasises the need to take a holistic approach to monitoring and results management, recognising that if the earlier pre-conditions have not been met then monitoring can become a spurious task. For this reason it is encouraging to note recent initiatives taken in some sectors to establish an integrated managing for results cycle and to overcome what the Independent Review observed as a tendency for "scattered and uncoordinated external support to monitoring and evaluation that has resulted in a somewhat piecemeal information system". The legal and judicial sector is one example in which each stage of the management process makes reference to results management as well as to other aid effectiveness principles that will help to ensure a successful outcome.

Other sectors and their associated TWGs, including mine action and agriculture and water have also reported progress in developing sector approaches that include monitoring plans while these approaches are well established in sectors such as health and education. For other sectors that are still making headway, perhaps the global observation that "perfect plans can be illusory, instead of delaying implementation actors should focus on results to be achieved, take calculated risks and monitor results closely" will encourage them to move forward in a pragmatic manner.¹¹

Mutual accountability

"We will hold each other accountable for mutually agreed results in keeping with country development and aid policies"

Accra Agenda for Action (2008)

Managing for development results is often closely associated with mutual accountability as it is the results that are achieved for which Government and development partners are ultimately held to account. Joint learning also implies that responsibilities can be assigned and collaborative actions can be taken, as is the case for the Joint Monitoring Indicators (JMIs), which are reviewed in Chapter Four. In its most basic form, the link requires that information on resources made available is shared so that these resources can be allocated and managed so that results can then be measured. This allows for a distinction to be made between commitment at the policy level (intended actions) and actual results (implementation). While globally this continues to be a challenging area, Cambodia has made marked progress as development partners have invested in their capacity to share information through the Government's on-line data platform. Not only does this support the effective planning and monitoring of development assistance by Government, it also promotes transparency by making this information available to a wider group of interested persons.

Additional mutual accountability good practices include the undertaking of a mutual and/or independent assessment of the development partnership. Cambodia's Evaluation and Independent Review met these criteria and many of the findings have been incorporated here to inform the Report's policy recommendations. They will also provide an input to the dialogue at the forthcoming CDCF as well as to the TWGs which is where the mutual accountability nature of the development partnership is most evident. The Independent Review exercise endorsed the view that information sharing on aid delivery had improved but raised some additional considerations that may warrant a response. These included the incentives that exist

¹¹ "Enhancing Results by Applying the Paris Declaration at Sector Level" (2008) Outcome Document of Roundtable 8 presented at the Accra High-level Forum on Aid Effectiveness.

within development partner agencies and the belief that "the aid effectiveness agenda could not be successfully implemented at the country level without some fundamental and systemic changes in the incentive structure to promote behaviours in line with aid effectiveness principles".

Definitions of mutual accountability in the global setting have been evolving and the Accra Agenda for Action includes a partner country commitment to promote the role of elected representatives and civil society. This extends the original Paris Declaration commitment beyond information sharing, a role most TWGs appear to perform quite well. A number of TWGs also acknowledged the positive role of civil society especially when related to socio-economic issues (rural water, HIV/AIDS). Many other TWGs, and most development partners, saw a more high-profile role for civil society, primarily in their capacity as sector experts and as representatives of wider interests. The Independent Review also proposed an enhanced role for the National Assembly and observed that civil society was maturing rapidly to the extent that they could make an important contribution to mutual accountability, both with regard to being more open about their own activity as well as playing a role in the broader development partnership arrangements.

The H-A-R Action Plan: A framework for effective development cooperation

"There is huge energy and focus being directed to creating platforms and procedures to make aid more effective, and not enough action by those who must actually move to make it happen. There seems almost a danger that the preparation is becoming an excuse for the limited action"

Independent Review of the Evaluation of Aid Effectiveness in Cambodia (2008)

Drawing together the analytical inputs provided by the NSDP Mid-term Review, the Evaluation of Aid Effectiveness, its associated Independent Review and the technical cooperation analysis, and then combining them with the empirical data produced during the Paris Declaration monitoring survey and the preparation of this Report, a significant body of evidence begins to form. While the overall picture is inevitably complex it is nevertheless possible to make some summary observations that characterise the development partnership. In short, it can be seen that development cooperation support continues to increase and, in the main, is consistent with Cambodia's development priorities. Significant challenges remain, however, if these resources are to be delivered and managed in a manner that will maximise their developmental impact.

First, as the Independent Review noted, significant progress has been made in establishing policy and institutional frameworks. While these have become familiar to Government and development partners alike, the evidence with regard to implementation is more mixed and Cambodia finds itself in a similar situation to other partner countries. It is unfortunate that in a practice area as inclined to jargon as this one, the newest addition to the lexicon is 'aid effectiveness fatigue'. An intervention from senior decision-makers may help to reinvigorate the process while the improved coordination between central agencies called for in the Ministry of Planning's NSDP MTR will provide momentum at the central level with subsequent benefits at sector level.

A second observation is that aid effectiveness work may have become a discrete process and its manifestation as a separate practice area has resulted in it becoming excessively complex and less accessible to 'non-practitioners'. All persons involved in development cooperation activities should be well versed in the practices and principles and must therefore consider themselves to be practitioners. Taking steps forward in this regard may require simplification, more practical prioritisation and a less technical approach.

Third, the sustained effort at establishing policy frameworks and creating an aid architecture comprising TWGs, the GDCC and the CDCF has not yet produced the anticipated results in terms of effective aid delivery and improved development impact. If it is not this 'hardware' that is malfunctioning then there may be a need to consider the 'software' and to invest more time and effort in building relationships, trust and the set of competencies that are required to work effectively in the context of the partnership based paradigm.

A fourth observation is that the NSDP MTR implies that capacity development increasingly provides the principal rationale for development cooperation. This view was made explicitly in the technical cooperation analysis and in the Independent Review, which observed that this is the "area where understanding and respecting national ownership is most important for ensuring a partnership-based approach to developing capacity, strengthening national systems and creating an eventual exit strategy for aid". New approaches and competencies on the part of both Government and its development partners may therefore be required.

Finally, to promote mutual accountability the challenge of engaging with a broader range of stakeholders takes on increased urgency. The introduction section of this report noted that the most sustainable link between aid and results is transmitted through the need to be held mutually accountable. If these summary conclusions accurately portray the current situation in Cambodia then it is then possible to make further use of this evidence to identify a series of policy recommendations. These may then form the basis for further dialogue and reflection before being formalised as a Joint Monitoring Indicator.

4. Implementation of the JMIs

The Joint Monitoring Indicators (JMIs) are intended to link monitoring of Government, development partner and TWG activity to a set of priority targets associated with the NSDP. Through an emphasis on their joint nature they are perhaps the most important tool available for routinely incorporating the principles of results-based monitoring and mutual accountability into the development partnership. This then serves to connect the joint activities of Government and its partners to the attainment of development results. The current set of JMIs, comprising twenty targets ranging across all four pillars of the NSDP, was endorsed by the Government and development partners at the First CDCF meeting in June 2007.

JMI principles

During the 2007 CDCF meeting it was observed that there had been some tendency towards the use of JMIs as a conditionality or performance framework. While this may be legitimate in terms of ensuring that Government's commitments were monitored it was felt to have resulted in a weakening of the mutual nature of the JMIs, possibly reinforcing the traditional imbalance in aid relationships. The principles for maintaining the mutual characteristics of the JMIs were therefore re-emphasised and summarised as:

- i) JMIs are a compact between Government and development partners based on mutual accountability principles and *joint* actions that are required to realise NSDP targets.
- ii) Activities should be linked to the NSDP and reform programs of Government with a clearly-defined target, a responsible institution, a timeframe and resources.

Progress in implementation

Overall progress has been encouraging (see Table Eleven), although the speed and depth varies across priority areas. While the priorities identified in the NSDP represent national goals, their success hinges upon the leadership and strategic management provided by Government and the partnership dynamics that enable the Government to exercise ownership over the development agenda. The Planning and Poverty Reduction TWG is therefore the strategic entry point where most discussion related to the NSDP takes place and the Ministry of Planning reported making headway in developing its Ministry of Planning Strategic Plan (MPSP) (JMI 1) that aims to strengthen capacity in the planning and monitoring function, and coordinate support from development partners. The national aid effectiveness priorities provide a second point of reference for overall NSDP management (JMI 2) and the JMI overseen by the Partnership and Harmonisation TWG reported that all targets – in data management, TWG reporting to GDCC, and introduction of H-A-R indicators - were met.

NSDP Social Sector Priorities

The Education TWG (JMI 3) reported that the net enrollment rate (NER) increased from 92.2% in school year 2006-2007 to 93.3% in 2007-2008 while the female NER increased from 91% to 93.3% in 2007-2008. The survival rate from Grade 1 to Grade 6 at the national level also increased to 52.5% in 2006-2007 (and from 48.9% to 55.4% for girls) from 49.3% a year earlier. In the health sector (JMI 4), similar progress was recorded as 188 primary midwives and 40 secondary midwives were recruited and posted to 166 health centers, 66 of which had no midwifery support previously, and salary incentives were provided. The HIV/AIDS TWG (JMI 5) reported the prevalence of HIV among the adult population was now estimated to be 0.9%. Completing an optimistic outlook in the social sectors, the Council for Agricultural and Rural Development (CARD) and Ministry of Planning confirmed that the Strategic Framework for Food Security and Nutrition in Cambodia 2008-2012 (SFFSN) was endorsed by the TWG-FSN in early 2008 (JMI 6).

NSDP Economic Sector Priorities

Progress in development and implementation of the Strategy for Agriculture and Water (SAW) was realised as a Statement of Principles (SOP) was signed to guide development partners and government agencies working in the agriculture and water sectors (JMI 7). To support each of five National Programs under the SAW, a Team Management Support Group has been established under the leadership of MAFF and MOWRAM, and it is expected that this will accelerate progress towards the design of two National Programs, which have not yet been completed. Satisfactory coordination of the process has been augmented, however, by the use of data in the Cambodia ODA Database which development partners have diligently updated.

Policy on the Registration and Use Rights of Land of Indigenous People (JMI 8) was developed and endorsed by the Council for Land Policy and is now awaiting formal approval. To implement the Policy, a sub-decree detailing procedures for registration of indigenous people's communal lands has been drafted by the Council of Land Policy and is under consultation within the government and with other national

stakeholders. The target to improve the livelihoods of the rural poor, i.e. 500 eligible households are settled on social land concessions and at least 10,000 hectares of suitable land are confirmed as available for SLCs was partially achieved as in excess of 1,000 households were selected for a SLC. Provisions in the sub-decree related to the granting of Economic Land Concessions (ELCs) were implemented (JMI 9), information on ELCs granted at the provincial/municipal level is available for six provinces/municipalities, and a review is being carried out for a number of ELCs with over 10,000 hectares. Progress is also being made on forest demarcation as 17 protected areas have been demarcated and mapped.

The CamCode on Responsible Fisheries (JMI 10) has been drafted and is being prepared for submission to the Ministry of Agriculture, Forestry and Fisheries for final approval. It is hoped that this will result in increased harmonisation and alignment of support once it is finalised. A similar situation applies in Mine Action, where a strategic planning framework has been strengthened (JMI 11), but the challenge will be to integrate all of these processes into a coherent, evidence based strategy which will inform the MA sector in the future. Finally, and central to the development of the private sector, there has been good cooperation between MoC, MoH, MAFF, MIME and MEF in implementing the Service Level Agreement and in agreeing on the list of prohibited and restricted goods (JMI 12). Work is underway on streamlining the list and uploading it into the ASYCUDA system but no progress was made on assessing licensing impacts on SMEs.

NSDP Infrastructure Sector Priorities

Maintenance of national roads in Cambodia has been considered an important priority and the Ministry of Public Works and Transportation has produced a number of guidelines on road maintenance (JMI 13). The challenge ahead is to ensure implementation of the guidelines while the Ministry is also establishing mechanisms to control the overload problem. Regarding rural water supply and sanitation, the Ministry of Rural Development reports making good progress in its efforts to: i) increase improved water supply services for 50% of rural population and adequate sanitation services for 30% of rural population by 2015 in CMDG target; and ii) to increase improved water supply services for 40 % of rural people and adequate sanitation services for 20 % of rural population by 2011 (JMI 14).

NSDP Governance and Cross-Sectoral Priorities

With regard to public administration reform (JMI 15), the initiative to phase out salary supplementation practices was taken forward by introducing three mechanisms: the Special Operating Agencies (SOA), Priority Mission Group (PMG), and the Merit Based Pay Incentives (MBPI). The core elements of a remuneration strategy are also in place and are being implemented. These include an annual increase of 20% in the base salary; the continuation of functional allowance (management, education, and health); the deployment of MBPI and PMG; modernization of the pension system; and the introduction of health insurance. As a step towards developing a redeployment policy, a study on best practices has recently been completed. The implementation of both remuneration strategy and redeployment policy will critically depend on the coherence of the various state institutions and the sustainability of fiscal resources.

With regard to other major reform programmes, progress in the legal and judicial sector was mixed but progress was recorded to ensure the adoption and promulgation of the Criminal Procedure Code (JMI 16). The Civil Code and Civil Procedures Code were also completed and promulgated during this period but issues of consistency between these codes and emerging legislations from other sectors remains. The Criminal Code is now at the Inter-Ministerial Meeting but the Law on the Statute of Judges & Prosecutors, the Law on the Organization and Functioning of the Court and the amendment to the Law on the Supreme Council of Magistracy all failed to significantly progress over the period. The approval of the Anti-Corruption Law (JMI 17) is expected to proceed after the passing of the Criminal Code.

The "Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans," was promulgated in May 2008 (JMI 18), providing the basis for reassigning a wider range of functional roles across government, and work commenced in early September 2008 on the National Program for Sub National Democratic Development. This reform is complementary to the Public Financial Management reform (JMI 19), which continued to progress satisfactorily as preparations for Platform 2 continue. The final JMI was broadly successful in its implementation as the Sub-decree on the administrative decision on domestic violence has been drafted by the Ministry of Interior and the Law on Anti Trafficking, in compliance with the UN Palermo Protocol was passed in 2007 (JMI 20). The National Action Plan to Combat Violence against Women has been prepared and now is under discussion at the Council for Ministers prior to the creation of a working group in Mol/DOLA.

Summary of JMI implementation status

Based on the text provided above, Table Eleven offers a snapshot view of all twenty JMIs and the progress recorded in their implementation. Further elaboration is provided in Annex Five.

Table Eleven. Summary of JMI implementation status

Target	Action Needed	Summary Progress
Implementation and Management of the National Strategic Development Plan (NSDP)		
1. Approve final Ministry of Planning Strategic Plan	1. Approve final MPSP to be implemented with coordinated EDP support 2. Bring together the NSDP APR and the alignment section of the CDC AER	Plan approved, on-going dialogue Partially completed, on-going
2. Aid effectiveness priorities implemented and monitored	1. DPs share info with CDC on new projects, including via ODA Database 2. Progress in implementing H-A-R Action Plan and TWG Guideline reported to GDCC 3. Managing for Results. The H-A-R Action Plan is augmented with a set of indicators	1. Good progress, on-going 2. Target met 3. Target met
NSDP Social Sector Priorities		
3. Improve opportunities for primary education	1. Increase the net enrollment in primary school (total, and by gender). 2. Increase the survival rate from grade 1 to 6.	Both rates recorded improvement
4. Increase the proportion of deliveries attended by skilled health personnel	1. Recruitment and deployment of at least 68 midwives for 68 health centres that do not yet have any midwife by the end of 2007 2. Provide salary incentives to midwives.	Both targets met or exceeded
5. Enhance response to HIV/AIDS pandemic	Increase coverage of effective drug & HIV/AIDS prevention, comprehensive care and support, and effective mitigations interventions.	Target met
6. Food security and nutrition in sector strategies	Under RGC leadership, a Strategic Framework to mainstream food security and nutrition is developed by TWG-FSN and endorsed by relevant ministries.	Strategic Framework completed in early 2008, being disseminated
NSDP Economic Sector Priorities		
7. Partnerships for-agriculture and water	1. Implementation of the Strategy for Agriculture and Water, as required by the NSDP. 2. Improved donor and government coordination	1. To be completed by end-2008 2. Successful and on-going
8. Implement Land Law	1. To adopt RGC's Policy on Registration and Use Rights of Indigenous Communal Land and pilot interim protective measures as per Sub-Decree #118. 2. 500 eligible households are settled on social land concessions with livelihood support and at least 10,000 hectares of suitable land confirmed for SLCs	1. On-going, partially met 2. On-going, partially met
9. Implement Forestry Law and ELC Sub-Decree	1. Implement ELC sub-decree: publish ELC log book, and review > 5 ELCs over 10,000 ha 2. Forest demarcation in accordance with the sub-decree No. 53, dated 1 April 2005.	1. Partially met (data for 6 provs) 2. 17 areas demarcated
10. Fisheries sector priorities implemented	1. Cambodian Code of Conduct for Responsible Fisheries (CamCode) drafted 2. Ensure the FiA is adequately funded to carry out its mandate (Article 14 Fisheries Law) 3. Donors use planning, accounting and monitoring systems of the FiA by end 2007.	1. Draft complete, circulated 2. FiA not fully funded 3. Few DPs use the system
11. Reduction of landmine casualties and a decrease contaminated land	1. Ensure implementation & monitoring of existing policy, strategy, and action plans. 2. Ensure timely disbursement of RGC and development partner funds. 3. Improve monitoring of resource use transparency.	1. Target met 2. Target met 3. Target met
12. Enabling environment for private sector development	1. MOC, MoH, MAFF, MIME and MEF to sign/implement the Service Level Agreements, attaching agreed-upon lists of prohibited goods between trade related agencies. 2. Review (by Sub-Steering Committee on Trade Development) of implementation of risk management to reduce the inspection rate to 50% including in SEZ's. 3. Make specific recommendations on 20 priority licenses impacting on SMEs.	1. Ongoing 2. Partially met, ongoing 3. No progress
NSDP Infrastructure Sector Priorities		
13. Sustainability of the Road Network	1. Develop Action Plans for Road Network Maintenance Management by June 2008. 2. Implement (i) 3 pilot road maintenance contracts and (ii) Overload Control Programs.	1. Guidelines in place, no plans 2. (i) ongoing (ii) small progress
14. Improved wat-san, esp in rural areas	Develop and adopt a rural water supply and sanitation (RWSS) strategy and budget that is based on the official RWSS policy and aligned to the NSDP.	Ongoing, good progress
NSDP Governance and Cross-Sectoral Priorities		
15. Public Administration Reform	1. Implement "Joint Government-Donor Strategy for Phasing Out Salary Supplementation" 2. Improve pay and employment conditions in the civil service. 3. Design and implement an HRM policy/action plan, HRMIS for the Civil Service. 4. Develop One Window Offices (OWOs) policy, legal framework and implementation plan	1. New Anukret 29 in place 2. Core elements in place 3. Available for consultation 4. Ongoing. Mol now leading
16. Legal and judicial reform	1. LJRS Strategic Objective 2. Penal Procedure Code, Penal Code, Civil Code, Law on the Statute of the Judges, Law on Court Organization and Functioning, Law on the Amendment of the Law on the Organization and Functioning of the Supreme Council of the Magistracy. 2. LJRS Strategic Objectives 2 & 7. Review and finalise guidelines for the legislative drafting process that draws on lessons from past experience. 3. LJRS Strategic Objectives 7 & 4. Ongoing training and transparent selection of judicial professionals to improve the supply of judicial services and the functioning of the courts.	1. Criminal Procedure, Civil Code, Civil Procedures Code passed. Others pending 2. Pending, expected to be addressed as priority in new Govt 3. On-going progress
17. Combat corruption	1. Finalize and approve Anti-Corruption Law, based on best international practices. 2. Prepare implementation plan to enforce and manage the Anti-Corruption Law. 3. Disseminate semiannual information on reported cases on corruption and conviction 4. Develop a clear policy framework on Access to Information.	1. To follow penal code. RS II indicates support to dissemination and access to information
18. Strategic Framework for D&D reforms.	1. Continue preparation of the organic laws on democratic development 2. National programme design process and modalities developed, agreed, and resourced 3. RGC and DPs design the principles of engagement in support of D&D reform	1. Completed 2. Ongoing into 2009 3. Awaiting national programme
19. Improved budgeting and accountability	a) sustain and complete PFMRF Platform 1; b) preparing Platform 2; c) prepare CAP and consider EITI; and d) continue monitoring impact through agreed Indicators.	a) complete, b) ongoing, c) ongoing, d) on track
20. Adopt/implement laws/plans against violence and exploitation against women and children	1. Sub-decree on the administrative decision on domestic violence adopted. 2. Law on suppression of human trafficking and sexual exploitation adopted 3. National Action plan to combat violence against women implemented. 4. Policy and legislation on migration reviewed.	1. Submitted for adoption 2. Law passed 3. Tabled for discussion at CoM 4. Review conducted

5. Policy Directions in Aid Management

This chapter brings together the main themes identified earlier in the Report so that a series of recommendations – proposed actions for both Government and development partners – can be identified. Noting the findings of the recent Evaluation and its Independent Review this chapter also takes forward this work and prescribes a course of action in the form a new Joint Monitoring Indicator (JMI).

In formulating policy recommendations it is necessary to acknowledge the following contextual factors:

- We are now beyond the mid-way point in NSDP and H-A-R Action Plan implementation. Our challenge is to identify the more acute priorities within the existing aid effectiveness framework and to focus implementation and monitoring effort on a narrower range of priority actions.
- Accra provides a global standard to guide Government and development partners.¹² Dialogue is required to build consensus on which of the new recommendations are applicable to the Cambodia context and in which areas a 'de-linking' from the global agenda may be appropriate.
- Most technical criteria – policies, institutional frameworks, dialogue mechanisms, resourcing – are in place. The post-Evaluation prioritisation process must now engage senior management and decision-makers to ensure high-level support for actions that are relevant and achievable.
- Remaining challenges extend beyond the immediate mandate of aid effectiveness initiatives. Strengthening NSDP-budget linkages, public service capacity and incentives, and service delivery require continued implementation of the core reforms but with improved integration of aid effectiveness practices that combine system-wide objectives with sector-specific priorities.

This context informs a number of principles that are based on the five main messages derived from the evidence and analysis presented earlier in this Aid Effectiveness Report:

- Prioritised actions that are based on the existing aid effectiveness framework must be integrated with the core reforms and have the explicit support and commitment of senior officials in Government and development partner agencies.
- Efforts to accelerate implementation of agreed aid effectiveness priorities will require renewed efforts in partnership building, increased mutual trust and understanding, and a set of competencies that are better suited to working in a partnership-based capacity development context.
- Cooperation within, among and between central agencies and line ministries requires improved cooperation and multi-agency networking for Government, development partners and the civil society agencies that engage in these thematic areas.

An understanding of the current context, the analysis of the evidence base, and an assumed consensus on these underlying principles then informs the following policy recommendations:

I. Policy recommendations for the Royal Government

a) Identifying priority actions for aid effectiveness

- Central agency (MEF, MoP, CRDB/CDC) linkages are to be strengthened through coordination in the Supreme National Economic Council (SNEC) to ensure agreed formats, schedules and cross-agency collaboration on NSDP-budget programming, PIP and MTEF preparation, and links to external resource management.
- Senior management of ministries, agencies and departments will build on recent progress in articulating clear aid management priorities that are based on their broader sectoral objectives and plans. Specific requirements of development partners, including concerning the use of technical cooperation and using national systems, must be discussed more extensively through the TWGs and GDCC.
- Evidence of the close relationship between leadership and capacity development emphasises the promotion of a managerial model in implementing the Government's reform agenda. A new mindset requires that senior management provide clear direction at a ministry level for future capacity development and an increased responsibility for management of programmes. In the context of the core reform agenda, cooperation across Government is required to ensure consistency in the interpretation and application of Government policy on capacity development, human resource management, financial incentives and performance management, and the role of development partners in supporting these reform objectives.

¹² See Accra Agenda for Action, statement of the 3rd High-level Forum on Aid Effectiveness, September 4th 2008

- Principles on 'division of labour' (or 'complementarity') have been identified in this Report. Senior management in each Ministry or agency that deals with development partners will, at their discretion and with CRDB support, provide clarification and further guidance through the TWG as regards the specific application of these principles at the sector level.

b) Integrating aid effectiveness priorities with broader reform and sectoral work

- CRDB's national coordination role as a facilitator – through providing training and block grant support – will continue to be based on demand-led principles. Activities of the Government's TWG Network will be extended to chairs and senior Government officials so that peer exchange and mutual support may be provided at a senior management level.
- Most of the specific actions that are required at either central or sector level – plan-budget links, capacity prioritisation, harmonised implementation arrangements, joint monitoring and mutual accountability arrangements - are included in a typical programme-based approach. Existing PBAs and those being developed are encouraged to focus only on those critical activities that are relevant and appropriate; the agenda should not become overloaded or too ambitious and the level of sophistication should be of secondary importance to the level of political level engagement.
- TWG participation must be at a level that is sufficiently senior and competent in the issues to ensure that dialogue is effective and that Government decision-making can be facilitated. This applies in particular to participation in cross-sectoral TWGs in which effective participation from agencies other than those represented by the chair is required. Where TWG participation is not feasible, routine Government communication channels should be used to address aid management issues.
- In the absence of effective programme-based support to national priorities and a more efficient division of labour, senior sector officials may identify the main providers of support in order to focus their aid coordination activities. Table Ten shows that, in five of the NSDP's most important sectors, the share of the five largest development partners in total support to that sector in 2007 was at least 50% of all aid. If efforts are focused on ensuring the effectiveness and impact of funds provided by these development partners then the coordination challenge is partially resolved.

Table Twelve. Share of support (%) provided by the five largest partners to selected sectors in 2007

Health (incl HIV/AIDS)		Agriculture		Transport Infrastructure		Education		Water & Sanitation	
USA	33.5	Japan	10.3	China (L)	42.3	ADB (L)	15.3	ADB	5.8
Global Fund	21.1	UN (IFAD/WFP) (L)	8.1	Japan (L)	37.9	Japan (L)	13.1	France (L)	4.6
UNFPA/WHO/UNICEF	13.6	Australia	6.5	ADB (L)	8.5	Sweden (D)	7.7	World Bank (L)	3.5
United Kingdom (D)	9.5	France (L)	3.8	Republic of Korea (L)	6.4	World Bank (L)	7.3	UN (UNICEF)	1.4
Japan	7.4	ADB (L)	3.6	World Bank (L)	1.6	EC	6.8	Japan	1.0
sub-total	85.0	sub-total	32.2	sub-total	96.7	sub-total	50.2	sub-total	16.4
Total sector aid	152.1	Total sector aid	43.3	Total sector aid	99.2	Total sector aid	88.2	Total sector aid	17.4
5 largest (% share)	56%	5 largest (% share)	74%	5 largest (% share)	98%	5 largest (% share)	57%	5 largest (% share)	94%

Note. 'D' denotes some or all funds delegated to other implementing partners. 'L' denotes some or all funds are loans

c) Strengthening partnership-based competencies

- The approach to development partner cooperation outlined in the NSDP represents a shift away from traditional management of individual projects towards support directed at achieving broader sector-level results. Requisite skills therefore need to build on existing technical management capacities towards convening a broader range of partners in implementing coordinated activities that will address sector priorities and objectives. The ability to build trust, establish common understanding, participate in constructive dialogue and negotiation, and to demonstrate leadership and an ability to effectively communicate national policy is therefore essential to managing aid so that it achieves the desired results. Many of these attributes imply engagement at a political level.
- Where language barriers preclude effective and sufficiently broad engagement, increased use of translation and interpreter services is to be provided. The funding of these services is to be negotiated with the TWG's development partner lead facilitator or, as last resort, through access to the TWG block grant that is managed by CRDB/CDC.

II. Policy recommendations for Cambodia's development partners

a) Identifying priority actions for aid effectiveness

- Gauging the extent of commitment and specific priority of each development partner will inform the identification (and likelihood of actual implementation) of a more narrowly defined set of agreed actions. Based on the response of each development partner's capital/HQ and the formal position taken after the High-Level Forum on Aid Effectiveness and the associated Accra Agenda for

Action, each development partner in Cambodia is therefore requested to confirm the commitments made by their capital/HQ and the required actions as they relate to Cambodia.

- Development partners are to make clear the reasons for future non-compliance with the Cambodia Declaration on Aid Effectiveness and their global commitments. Noting the use of national systems as 'first option' in the Accra Agenda for Action, development partners are requested to present a common position on the assessment and use of national systems at central and sectoral level and to support the development and implementation of capacity development programmes where national systems are considered to require further strengthening.
- Principles on 'division of labour' (or 'complementarity') have been identified in this Report. Senior management in each development partner agency is requested to engage positively and apply these principles in the event that Government officials indicate their desire for a more rationalized and less fragmented profile of support.

b) Integrating aid effectiveness priorities with broader reform and sectoral work

- Development partner staff should become better informed of the overall context, the core reform agenda of the Government and the manner in which they should subsequently support programmes at central or sectoral level. This includes approaches to strengthening national systems (financial management, procurement, monitoring etc), capacity development (reference to broader public administration reform) and support to performance incentive schemes.
- Development partner participation in TWGs should be at a sufficiently senior and competent level and should recognise the leadership of Government. Although this recommendation has been made previously, there is still some misunderstanding about the role of TWGs, which is to convene dialogue, exchange information, foster trust and a common understanding, and to provide a forum for making proposals that may then be referred to Government for a decision.¹³
- The context of reform may imply that projects and programmes are increasingly developed in a change management context, rather than as discrete projects with limited reference to the broader national reform and capacity development priorities of Government.

c) Strengthening partnership-based competencies

- Development partner agencies are requested to exchange information and examples of good practice on their own induction procedures with a view to each development partner being better able to brief new staff. This will ensure that they are aware of national aid effectiveness policies and the related practices that this implies.
- Policy changes included in the Accra Agenda for Action, e.g. related to conditionality and use of Government systems, require changes to development partner policy if they are to be implemented in Cambodia. Additional and consequent changes will then be required to ensure that development partners have the requisite skills and associated performance incentives, e.g. for multi-stakeholder negotiation that replaces project conditionality, and for supporting improved capacity development practices as a result of a commitment to using national systems.
- Development partners are encouraged to reflect on the historical legacy and cultural traditions of Cambodia that may require them to tailor their standard corporate approach to interacting with national counterparts.

III. Joint responsibilities and a focus for mutual accountability

a) Identifying priority actions for aid effectiveness

- Priorities need to be based on a nationally agreed framework but applied according to the conditions at the level of implementation. To promote national ownership, most priorities are expected to manifest themselves in supporting the development of national systems and strengthening the links between planning, financial management, implementation and monitoring.
- When developing a plan or strategy, a basic framework that builds on existing capacities and political level leadership is preferred to pursuing an excessively complicated and poorly-integrated solution that may only be understood by a narrow cadre of technical experts.
- An improved 'division of labour' implies actions for Government and its development partners. Government officials in each sector are invited to indicate their readiness to take this work forward, requesting CRDB to facilitate with analysis and application of the guiding principles if necessary.

¹³ See the Guideline on the Role and Functioning of the TWGs (February 2007).

b) Integrating aid effectiveness priorities into broader reform and sectoral work

- Aid effectiveness work must become part of the routine work of both Government and development partner staff. It should not be the preserve of a narrow range of specialists. Global and national principles of effective aid should be tested and challenged for relevance and suitability.
- Where programme-based approaches are in place they must evolve beyond common arrangements for planning to reflect all financing – domestic and external – in annual operational plans so that comprehensive programming and capacity development can proceed and provide a foundation for making increased use of Government systems in the future.
- A number of processes – dialogue mechanisms, incentive systems, capacity and reform issues - on both Government and development partner sides may now need to be addressed at a more senior, rather than technical, level. Continuing to pursue technical fixes to non-technical problems may result in an inefficient use of resources and difficulties in maintaining cooperative partnerships.

c) Strengthening partnership-based competencies

- Trust, common understanding, productive dialogue and effective partnerships are not one-off investments, especially where personnel changes are frequent. Both Government and development partners need to continuously invest in building trust and a common understanding if desired results are to be realised. For this reason the TWG Network will be expanded in 2009 to deliver support to TWG chairs and lead development partner facilitators and efforts to strengthen the GDCC dialogue will be maintained.
- Where there is evidence of a stronger lead by Government (as reported in the Independent Review) and a 'catalytic partnership' (as reported by the technical cooperation study), then this should be used as a basis for developing and consolidating programmatic and capacity development approaches around the Government's position. This common area of cooperation should then provide a foundation for further dialogue and subsequent progress in other areas.
- Further work must be undertaken at TWG and GDCC level to ensure a consistent approach is taken to identifying, agreeing and monitoring the JMIs. Currently the JMIs comprise a mix of outcome, output and process-level indicators that make it difficult to make a clear assessment of the link between intended activity and desired results.

Joint monitoring of policy implementation

Routine monitoring of the H-A-R Action Plan and JMI implementation has previously been managed through the GDCC mechanism and the recommendations in this Report are therefore also to be incorporated into a JMI. The broad, and unavoidably general nature of the recommendations provided so far can then be understood as an intermediate step towards the identification of more specific and relevant actions for each sector. The proposed JMI is therefore as follows:

Taking note of: a) the Rectangular Strategy (Phase II); b) the NSDP MTR; c) the H-A-R Action Plan and the Cambodia Declaration on Enhanced Aid Effectiveness; d) the Evaluation of Aid Effectiveness (self-assessments and Independent Review); e) the recommendations made in the 2008 Aid Effectiveness Report; f) the dialogue at CDCF; and g) the Accra Agenda for Action, the Royal Government and its development partners agree to:

- i) For the Royal Government, to consult internally and at a high level to identify a number of realistic, achievable and verifiable actions at central level and associated with identified sectors to ensure progress in advancing national aid effectiveness priorities and in meeting their international commitments;
- ii) For development partners, to consult internally and with their capitals/headquarters at a high level (in light of the HLF on Aid Effectiveness), and with one another, to identify a number of realistic, achievable and verifiable actions that will ensure progress in advancing national aid effectiveness priorities and in meeting their international commitments; and
- iii) For both the Royal Government and development partners, to come together in the first quarter of 2009 to negotiate a limited number of practical and verifiable actions that are based on the H-A-R Action Plan and represent a consensus for joint action.

CRDB/CDC, as the national aid coordination focal point, will facilitate this process in collaboration with the Partnership and Harmonisation TWG. The agreed actions will be presented at a meeting of the GDCC and shall then be incorporated retrospectively into the 2009-2010 JMI matrix as a mutual commitment to the implementation of the H-A-R Action Plan and commitments made in the Cambodia Declaration on Enhanced Aid Effectiveness.

6. Conclusion

This 2008 Aid Effectiveness Report has not attempted to develop a single comprehensive theory for improving aid delivery and management. Instead it uses the available evidence – both qualitative and quantitative - to identify the factors that explain the successes and continued challenges that have been recorded in the period since the first CDCF. This Report has been based on the strongly-held view that research and analysis must not be divorced from the policy problems that they are intended to address. The challenge in linking aid effectiveness to development results is therefore based on the need to show evidence that can sustain a consensus on the nature of this linkage and then make it operationally useful by identifying policy-relevant actions that can deliver results. But neither can these actions be applied without taking note of the context, and many of the recommendations included in this Report are therefore necessarily defined at a more general level. The proposed use of a JMI to structure and implement these recommendations is intended to support the identification of concrete actions across all sectors to ensure follow-up that is relevant, meaningful and substantive.

"We need to go faster" adequately summarises the sentiment communicated recently in Accra and, while the precise nature of the challenge may differ across countries, this observation is relevant to Cambodia too, in fact it was also the central theme of the 2007 Aid Effectiveness Report. But if greater effort is demanded, the nature of this effort requires careful reflection if appropriate and effective actions are to be correctly prescribed. Is the requirement simply to work harder and to re-double efforts? This may indicate that there has been no policy learning. Or to adapt the global framework and adopt a 'Paris-plus' scenario that emphasises the Cambodia context and utilises available evidence so that we may do things differently? Finally, we may consider the option of setting entirely new objectives for aid management, to shift to a 'post-Paris' scenario that rejects partnership-based paradigms and the notion of programmatic efficiency.

The evidence and policy recommendations presented in this Report strongly endorse the middle path, and the Rectangular Strategy commits Government to the Accra Agenda for Action, reflecting a continued consensus around the utility of the partnership based approach. Implementation of the commitments that underlie this consensus then requires: a) more focus on leadership; b) a more critical test of the relevance of some aid effectiveness principles; and c) improved integration of aid effectiveness principles into central and line ministry functions. This will mean that dialogue around issues closely related to the aid effectiveness agenda be taken forward in the context to which they are most relevant: i) incentives and capacity become more closely rooted in public administrative reform; ii) planning and recording of aid delivery becomes a more closely integrated part of the Ministry of Planning and Ministry of Economy & Finance budgeting functions; and iii) application of programme-based approaches are considered with increased regard to the sector context and relevance. Most of all, it may require a different conceptual approach that presents aid effectiveness as a cross-cutting reform rather than as a narrow and parochial set of issues. This would, in turn, imply that, as with all reform programmes, the dynamics, complexities, risks and challenges of change are more fully and explicitly considered and understood when identifying necessary actions and targets.

Such an approach may in the future also require a fuller acknowledgement that, while technical solutions may lead us part of the way towards our aid effectiveness targets, they will still leave us short of our ultimate objective of improved development results. As the Independent Review has highlighted, political and leadership factors on both sides of the development partnership are seen as increasingly important contributing factors and this Report's recommendations directed towards improved management of aid relations have therefore attempted to indicate appropriate next steps.

While the agenda continues to be a challenging one, much of the analysis suggests that the environment in Cambodia is well suited to a more comprehensive and accelerated implementation of improved aid management practices. Given the lack of global momentum reported in Accra it becomes increasingly critical, possibly for development partners more than for Government, to demonstrate that commitments can be translated into actions. The concluding comments of the recent Independent Review of the Evaluation of Aid Effectiveness that "Cambodia can build on its achievements and show international leadership in aid reform in several areas. Their performance in this particular country is now also a key global test for development partners" should therefore be used to inspire as well as to compel the implementation of improved practices that will contribute to better development results.

ANNEXES

CAMBODIA AID EFFECTIVENESS REPORT 2008

ANNEX ONE

LIST OF ACRONYMS

ADB	-	Asian Development Bank
AER	-	Aid Effectiveness Report
AFD	-	Agence Française Pour Developpement
APR	-	Annual Progress Report (of the NSDP)
AusAID	-	Australian Agency for International Development
CDC	-	Council for the Development of Cambodia
CDCF	-	Cambodia Development Cooperation Forum
CG	-	Consultative Group
CIDA	-	Canadian International Development Agency
CMDG	-	Cambodia Millennium Development Goals
CRDB	-	Cambodian Rehabilitation and Development Board (of CDC)
D & D	-	Decentralisation and Deconcentration
DAC	-	Development Assistance Committee (of the OECD)
DCR	-	Development Cooperation Report
DFID	-	Department for International Development (UK)
EIA	-	Environmental Impact Assessment
ELC	-	Economic Land Concession
EU / EC	-	European Union / European Commission
FAO	-	Food and Agriculture Organization
GDCC	-	Government-Donor Coordination Committee
GBS	-	General Budget Support
GTZ	-	Gesellschaft fur Technische Zusammenarbeit (Federal Republic of Germany)
H-A-R	-	Harmonisation, Alignment and Results Action Plan of the RGC
IFI	-	International Financial Institution
IMF	-	International Monetary Fund
JBIC	-	Japan Bank for International Cooperation
JICA	-	Japan International Cooperation Agency
JMIs	-	Joint Monitoring Indicator(s)
KfW	-	Kreditanstalt fur Wiederaufbau
MDG	-	Millennium Development Goals
MTR	-	Mid-Term Review (of the NSDP)
NGO	-	Non-Government Organisation
NSDP	-	National Strategic Development Plan (2006-2010)
NOG	-	National Operational Guidelines (for management of grant assistance)
NORAD	-	Norwegian Agency for International Development
ODA	-	Official Development Assistance
OECD	-	Organisation for Economic Cooperation and Development
PBA	-	Programme-based Approach
PIP	-	Public Investment Programme
PIU	-	Project Implementation Unit
PMU	-	Project Management Unit
PRGO	-	Poverty Reduction and Growth Operation (World Bank budget support)
RGC	-	Royal Government of Cambodia
SIDA	-	Swedish International Development Authority
SLC	-	Social Land Concession
SNEC	-	Supreme National Economic Council
SOP	-	Standard Operations Procedures (for programme management)
SWAp	-	Sector-Wide Approach
TA	-	Technical Assistance
TC	-	Technical Cooperation
TWG	-	(Joint) Technical Working Group
USAID	-	United States Agency for International Development
UN	-	United Nations
UNDP	-	United Nations Development Programme
UNESCO	-	United Nations Educational Scientific Cultural Organization
UNFPA	-	United Nations Population Fund
UNHCR	-	Office of the United Nations High Commissioner for Refugees
UNICEF	-	United Nations Children's Fund
WFP	-	World Food Programme
WHO	-	World Health Organization

ANNEX TWO

HOW GOOD IS OUR DATA?

Data cleaning and validation

The quality of the data presented for analysis in this Aid Effectiveness Report is markedly improved. Trainings and consultations with Government staff and development partners has strengthened reporting capacity and CRDB staff have received dedicated training in data validation techniques that have significantly enhanced capacity for information management. The data presented here was validated for the 2008 Paris Declaration monitoring survey as well as for 2008 AER and is considered to be of high quality.

Structure of the ODA Database

The Cambodia ODA Database has been developed locally by a national IT expert. This allows it to be customised according to the needs of Government and other users. Since the 2007 AER improvements include serialised PIP/RGC numbers to link co-funded project records, an enhanced progress reporting facility, and help functions.

Notes on the data and the data collection exercise

The 2006 figures have been revised significantly (mainly due to the inclusion of IMF debt relief but significant improvements have also been made, including to reduce unclassified 'other' sector data). On the negative side, it is known that some partners do not report their support, resulting in some downward bias (Norway, GAVI, Ireland, OPEC Fund, India, Thailand), while others supporting regional initiatives or INGOs directly from their capitals are unable to provide comprehensive data. Disbursements reported here represent transfer of funds to project accounts so that the numbers recorded cannot be regarded as actual expenditure on development activity in a reporting year.

Comparison to data reported by the OECD/DAC Creditor Reporting System (CRS)

The information recorded in the Cambodia ODA Database includes NGOs own resources, which is not technically defined as ODA (this raises the total by approximately 50 million in 2006). Otherwise the figures reported in Cambodia appear to be much more comprehensive than those of the OECD, which only records resources provided by DAC members plus a very few others totalling USD 413.9 million in 2006 compared to the USD 663 million (net of NGOs) recorded in the Cambodia ODA Database.

Differences within/between Cambodia ODA Database and DAC data

	2006 (DAC CRS)	Cambodia 2006 (2007 data)	Cambodia 2006 (2008 data)	DAC data-Cambodia ODA Database	Cambodia ODA Database (2008 data for 2006) - Cambodia ODA Database (2007 data for 2006)
UN Agencies	5.17	47.90	54.00	-48.83	6.1
World Bank	..	26.6	24.5	-24.50	-2.1
IMF	..	0.2	83.5	-83.50	83.3
AsDB	..	62	67.5	-67.50	5.5
GFATM	22.18	22.2	21.9	0.28	-0.3
Austria	0.02	0	0	0.02	0
Belgium	11.96	7.3	7.3	4.66	0
Denmark	23.00	6.1	4.1	18.90	-2
Finland	3.11	3.5	4.5	-1.39	1
France	28.47	22	21.8	6.67	-0.2
Germany	27.64	30.5	32.4	-4.76	1.9
Ireland	4.19	0	0	4.19	0
Luxembourg	0.20	0	0	0.20	0
Netherlands	2.02	0.1	0.1	1.92	0
Portugal	0.02	0	0	0.02	0
Spain	1.97	0	2.8	-0.83	2.8
Sweden	16.86	16.1	16	0.86	-0.1
United Kingdom	22.48	20	20.7	1.78	0.7
EC	28.77	35.2	46.5	-17.73	11.3
Australia	33.10	17.3	22.5	10.60	5.2
Canada	6.90	5.7	7.9	-1.00	2.2
Japan	107.09	100.5	103.7	3.39	3.2
New Zealand	3.14	1.5	1.7	1.44	0.2
Norway	3.21	0	0	3.21	0
Switzerland	2.90	2.5	2.4	0.50	-0.1
United States	59.50	51	51	8.50	0
Total	413.92	478.00	513.30	-182.88	118.6

Data extracted on 10 October from OECD/DAC Creditor Reporting System

The table above shows a USD 183 million discrepancy between 2006 DAC data and the national system (red), and USD 119 million between figures reported in 2007 to the Cambodia ODA Database for 2006 and revised in 2008 (blue). In conclusion, improvements in data validation indicate that the data is now likely to be more comprehensive and of much higher quality; at the very least it is robust for analysis when combined with other available evidence. Figures for 2008 are still provisional and estimates reported for 2009 and 2010 indicate that significant progress is being made by development partners in supporting the national planning and budgeting process.¹⁴

¹⁴ A note on the use of the Cambodia ODA Database is available on-line at: <http://www.cdc-crdb.gov.kh/database/index.htm>. Direct access to the system can be gained through: <http://cdc.khmer.biz>

ANNEX THREE

ADDITIONAL DATA PRESENTATIONS

3.1 ESTIMATED DISBURSEMENTS BY DEVELOPMENT PARTNER AND SECTOR 2007 (USD THOUSANDS)

Development partner	Term	Health	Education	Agric.	Man. Ming Trade	Rural Dev.	Banking & Biz	Urban Plan. & Mana.	Inf. & Com.	Energy, Power & Elec	Trans.	Water & Sanitation	Comm. & Social	Culture & Art	Enviro. & Conser.	Gender	HIV/ AIDS	Gov. & Adm.	Tourism	Budget & BoP	Emer. & Food Aid	Other	TOTAL
UN Programs Delivered : Total	Grant	11,251	10,515	3,428	489	8,527	120				666	1,419	5,854	1,801	2,350	1,101	5,383	21,366	97			16,455	90,825
	Loan			4,624																		988	5,612
UN own resources disbursed	Grant	8,194	5,763	3,428	466	4,402	120				666	1,361	3,311	1,801	2,350	1,101	5,377	7,278	97			2,103	47,820
	Loan			4,624																			4,624
World Bank	Grant	2,378	4,265		848	38				126		260			275			1,929		15,495			25,613
	Loan	2,671	3,009			2,986				1,371	1,569	3,285			73			7,072					22,036
International Monetary Fund	Grant							525										393					919
Asian Development Bank	Grant	1,339	1,513	498	509	578			539	245	382	2,994	1,086		302	379		1,305					12,608
	Loan	4,794	13,753	3,065		5,709	10,583			3,314	8,068	2,850			2,162			-187	2,644				56,755
Global Fund	Grant	7,765															13,302						21,067
Sub-Total: UN & multilateral	TOTAL	27,142	28,302	11,615	1,824	13,712	12,168		539	5,055	10,686	10,750	4,397	1,801	5,163	1,480	18,680	17,790	2,741	15,495		2,103	191,441
European Commission	Grant	4,567	6,776	2,382	6,039	6,992	400				966	199	2,463		1,070	938	1,032	3,993				7,080	44,898
Belgium	Grant																					7,988	7,988
Denmark	Grant			1,439		971												7,399					9,809
Finland	Grant		539	32		2,288							1,774			82		36				454	5,205
France	Grant	661	3,481	3,817	859			152	166	225		742	1,892	2,349	136		1,589	1,503				321	17,892
	Loan											3,889											3,889
Germany	Grant	6,652	72	17	2,027	13,785	1,459		131	179			4	191		932		6,889				4,130	36,467
Netherlands	Grant	22	16	16								24						21					100
Spain	Grant		135	136		682			382				101		217	955		784	35		682		4,110
Sweden	Grant		7,740															9,599				4	17,343
United Kingdom	Grant	6,314	1,674	826		3,931			39		780		167				3,174	6,540	10			203	23,656
Sub-Total: EU	TOTAL	18,217	20,433	8,666	8,925	28,649	1,859	152	717	404	1,745	4,854	6,400	2,540	1,423	2,907	5,795	36,764	44		682	20,181	171,357
Australia	Grant		1,946	6,489		5,481	903					291	2,682			540	180	11,105					29,618
Canada	Grant	201	447	1,231	199	1,998						49			138	539	252	2,253			1,386		8,693
China	Grant										122			295	20								436
	Loan								8,849		42,189		26,219					14,753					92,010
Japan	Grant	7,448	13,127	10,320	137	10,036		1,486	268	7,142	30,523	996	69	2,337	1,415	940		9,631	54	5,114		224	101,268
	Loan								4,884		7,425									8,523			20,831
New Zealand	Grant	56	698	2,201		115							16		16			520	204				3,826
Republic of Korea	Grant	1,301	1,263		7	2,527	640	317		9	10	480	1,891									19	8,464
	Loan			484					16,044		6,432												22,959
Switzerland	Grant	2,724			156								158	198									405
United States of America	Grant	17,406	3,671		3,779										429		16,068	16,743					58,096
Sub-Total: other bilaterals	TOTAL	29,136	21,153	20,724	4,277	20,158	1,544	1,804	30,044	7,151	86,701	1,816	31,035	2,830	2,017	2,019	16,500	55,005	258	13,636	1,386	647	349,843
NGOs (core resources)	Grant	36,665	18,272	2,276	636	8,457					43		10,346		322			339				380	77,736
TOTAL DISBURSEMENTS	TOTAL	111,159	88,160	43,281	15,662	70,976	15,571	1,956	31,300	12,610	99,175	17,420	52,179	7,171	8,925	6,406	40,974	109,899	3,043	29,131	2,068	23,311	790,377

3.2 PROJECTED DISBURSEMENTS BY DEVELOPMENT PARTNER AND SECTOR 2008 (USD THOUSANDS)

Development partner	Term	Health	Edu.	Agri.	Man. Ming Trade	Rural Dev.	Banking & Biz	Urban Plan. & Mana.	Inf. & Com.	Energy, Power & Elec	Trans.	Water & Sanitation	Comm. & Social	Culture & Art	Enviro. & Conser.	Gender	HIV/AIDS	Gov. & Adm.	Tourism	Budget & BoP	Emer. & Food Aid	Other	TOTAL	
UN Programs Delivered : Total	Grant																							
UN Own resources disbursed	Grant	14,321	14,699	1,703	1,215	4,618			35	198	2,849	1,124	3,727	1,420	1,943	1,114	7,792	30,730	47	546	407	1,178	89,665	
World Bank	Loan			4,400																			4,400	
	Grant	3,320	3,151		3,925					2,000		2,074			888			6,241					21,599	
	Loan	11,040	689			6,830				3,000	4,375	9,410						169					35,513	
International Monetary Fund	Grant																							
Asian Development Bank	Grant	2,300	2,060	1,000	550	2,510	680		350	300	950	4,870	1,055		200	440		6,090					23,355	
	Loan	5,200	6,300	15,135	5,000	2,500	10,000			12,160	18,900				1,430				4,000		10,000		90,625	
• Global Fund	Grant	13,879															18,412						32,290	
Sub-Total: UN & multilateral	TOTAL	50,060	26,898	22,238	10,690	16,458	10,680		385	17,658	27,074	17,477	4,782	1,420	4,462	1,554	26,204	43,230	4,047	546	10,407	1,178	297,448	
European Commission	Grant	6,975	11,791	3,091	7,876	9,898	41			247		791	1,270		1,130	1,025	354	7,302				302	52,095	
Belgium	Grant																					3,302	3,302	
Denmark	Grant			783		1,181												7,722				392	10,079	
Finland	Grant		648	36		4,180							1,794			122		41					6,821	
France	Grant	3,017	4,668	4,063	1,705			2,381	58	102		881	2,453	4,410	456		406	2,405				76	27,081	
	Loan											6,210											6,210	
Germany	Grant	8,458			182	12,325	185			3,574						851		7,277				152	33,003	
Netherlands	Grant	4	3	4								6											18	
Spain	Grant		152	1,111		1,140			502				782		548	1,368		1,064	697				7,363	
Sweden	Grant		6,425															11,486					17,911	
United Kingdom	Grant	15,005	618	653		4,033					830		56				2,586	10,366		2,930		721	37,798	
Sub-Total: EU	TOTAL	33,459	24,306	9,741	9,763	32,756	226	2,381	559	3,922	830	7,889	6,356	4,410	2,134	3,366	3,347	47,664	697	2,930		4,945	201,682	
Australia	Grant		2,091	3,698		6,300							3,413			269		7,234					23,004	
Canada	Grant	454	432	2,382	214	6,512									296	647	288	8,018					19,243	
China	Grant																							
	Loan										119,880							8,032					127,912	
Japan	Grant	3,359	9,445	9,107	738	6,139		829	839	1,165	21,648	704			166	1,165		8,833		18,779		17,815	100,731	
	Loan									8,263	66											35,557	43,885	
New Zealand	Grant		1,187	1,138		182												379	451				3,338	
Republic of Korea	Grant	237				3,023	600	1,000			1,020	505	358										6,743	
	Loan			5,314																			5,314	
Switzerland	Grant	2,825			61								9						865				3,761	
United States of America	Grant	15,600	3,500		7,710										91		14,400	13,578					54,879	
Sub-Total: other Bilaterals	TOTAL	22,475	16,655	21,639	8,723	22,155	600	1,829	839	9,428	142,613	1,209	3,780		553	2,081	14,688	46,075	1,317	18,779		53,371	388,812	
NGOs (core resources)	Grant																							
TOTAL DISBURSEMENTS	TOTAL	105,994	67,859	53,618	29,176	71,370	11,506	4,210	1,783	31,008	170,518	26,575	14,918	5,829	7,149	7,001	44,238	136,969	6,060	22,255	10,407	59,495	887,941	

3.3 DISBURSEMENTS & PROJECTIONS BY DEVELOPMENT PARTNER 1992 – 2010 (USD THOUSANDS)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 (prov)	Total Disbursements 1992-2007		2008 est	2009 Plan	2010 Plan
																	(USD)	%			
UN Programs delivered	...	...	...	...	...	...	...	90,147	86,548	90,785	81,808	88,307	73,794	91,785	96,341	96,437	699,515	...	...	...	...
UN own funds	13,276	30,977	26,154	30,968	50,315	42,704	49,518	45,282	49,433	44,918	42,222	44,208	36,294	41,111	53,959	52,444	653,783	8.3%	94,065	58,377	40,175
World Bank		68	40,009	29,601	40,401	28,115	29,313	26,716	32,697	43,078	47,245	63,663	49,456	37,832	24,454	47,649	540,297	6.9%	57,112	27,590	7,946
IMF		8,800	21,238	42,290	400			11,500	11,478	22,957	23,504	12,268	2,359	310	83,500	919	241,523	3.1%			
ADB		12,297	12,388	37,860	49,238	18,390	36,488	26,869	51,133	48,685	78,470	73,282	76,662	89,399	67,474	69,363	747,998	9.5%	113,980	99,520	90,750
Global Fund														18,846	21,854	21,067	61,768	0.8%	32,290	17,419	
Sub-Total: UN & multilaterals	13,276	52,142	99,789	140,719	140,354	89,209	115,319	110,367	144,741	159,638	191,442	193,421	164,771	187,498	251,242	191,441	2,245,369	28.6%	297,448	202,906	138,871
European Commission	32,118	19,068	9,163	28,886	57,622	36,793	49,291	28,279	27,945	22,679	25,833	32,717	15,020	23,651	46,485	44,898	500,448	6.4%	52,095	40,372	17,981
Belgium	1,941	2,184	971	2,695	1,986	1,672	3,186	4,768	2,641	1,274	2,245	3,694	5,200	11,701	7,327	7,988	61,473	0.8%	3,302	4,032	
Denmark	3,997	5,880	5,844	5,129	20,813	5,076	4,461	2,684	3,529	2,847	4,762	4,258	5,793	4,838	4,058	9,809	93,777	1.2%	10,079	12,914	10,421
Finland	1,696	679	575			112	250	700	3,269	1,199	868		3,298	3,342	4,468	5,205	25,661	0.3%	6,821	5,321	226
France	5,797	32,260	35,807	62,237	42,887	26,492	23,216	18,586	27,800	36,047	28,348	25,922	23,039	24,441	21,785	21,781	456,445	5.8%	33,291	30,449	32,219
Germany	2,637	2,483	3,349	13,896	9,607	10,082	9,838	12,319	12,225	10,020	17,226	17,597	14,096	27,293	32,442	36,467	231,577	2.9%	33,003	38,582	19,536
Netherlands	17,159	11,147	9,980	3,447	11,542	3,257	5,671	6,053	4,912	3,606	3,732	2,753	1,613	1,144	70	100	86,187	1.1%	18		
Spain															2,842	4,110	6,951	0.1%	7,363	3,544	
Sweden	13,368	14,994	10,098	25,314	16,079	17,413	13,499	10,830	14,122	13,112	13,570	12,387	22,024	13,600	16,001	17,343	243,756	3.1%	17,911	20,956	10,108
United Kingdom	7,032	5,075	7,099	10,700	4,134	2,250	9,866	9,416	13,000	8,711	11,644	15,367	17,015	20,555	20,671	23,656	186,192	2.4%	37,798	35,319	35,846
Sub-Total: EU	85,745	93,770	82,886	152,304	164,670	103,147	119,278	93,635	109,443	99,495	108,239	114,695	107,098	130,565	156,149	171,357	1,892,477	24.1%	201,682	191,488	126,338
Australia	10,511	15,917	13,792	27,508	20,172	27,296	18,205	18,390	29,417	19,873	17,795	22,689	24,279	16,788	22,459	29,618	334,708	4.3%	23,004	19,338	17,343
Canada	5,821	6,584	4,512	4,261	3,179	4,179	4,756	2,579	818	5,243	3,392	2,624	1,472	9,103	7,928	8,693	75,144	1.0%	19,243	15,182	6,055
China	912	871	7,089	3,129	10,850	9,496	14,345	2,994	2,610	16,325	5,723	5,573	32,470	46,638	53,237	92,446	304,708	3.9%	127,912	67,117	47,547
Japan	66,897	102,025	95,606	112,402	111,000	59,843	71,372	88,000	106,021	100,023	105,604	101,159	101,761	111,669	103,659	122,099	1,559,140	19.8%	144,616	52,983	26,263
New Zealand			243	254	209	43	1,003	804	1,002	718	1,280	1,912	2,445	2,075	1,698	3,826	17,511	0.2%	3,338	3,566	3,612
Norway	7,876	3,105	806	924	1,441	2,149	1,000	1,020	1,310	1,151	3,387	2,735	3,367				30,271	0.4%			
Republic of Korea		30			252		50	1,048	706	1,199	22,498	10,322	24,138	14,857	13,259	31,423	119,782	1.5%	12,057	19,642	5,608
Russian Federation	5,100	3,700	2,100	1,040	280	262	300	340	851	334	331	409	350				15,397	0.2%			
Switzerland											2,930	2,466	3,185	2,787	2,444	3,642	17,453	0.2%	3,761	2,825	
United States of America	35,551	33,809	31,701	45,149	28,761	30,509	30,364	23,000	17,608	23,848	22,092	34,266	40,607	43,254	51,004	58,096	549,619	7.0%	54,879	52,745	
Other bilateral partners	17,425	4,616	1,572	4,530	1,115	7,179	1,191	2,533	435	435	642						41,672	0.5%			
Sub-Total: other bilaterals	150,093	170,657	157,421	199,197	177,259	140,956	142,586	140,708	160,778	169,149	185,674	184,153	234,073	247,171	255,688	349,843	3,065,405	39.0%	388,812	233,399	106,428
NGOs (core funds)	1,069	5,322	17,949	21,100	35,800	49,876	56,097	55,000	51,851	43,560	45,568	47,238	49,449	44,719	50,162	77,736	652,496	8.3%			
Total	250,183	321,891	358,045	513,320	518,082	383,188	433,280	399,710	466,813	471,842	530,923	539,507	555,392	609,953	713,241	790,377	7,855,747	100%	887,941	627,793	371,637

3.4 DISBURSEMENTS & PROJECTIONS BY SECTOR 1992 – 2010 (USD THOUSANDS)

SECTOR	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total Disbursements 1992-2007		2008 est	2009 plan	2010 plan
																	USD	%			
Health	15,483	28,867	20,788	24,877	43,696	32,027	62,969	70,864	67,710	66,081	67,610	83,097	95,867	110,299	109,024	111,159	1,010,418	12.9%	105,994	81,259	40,763
Education	15,763	28,520	28,884	42,336	34,738	48,269	58,251	40,457	40,496	44,983	68,859	75,023	73,421	69,278	79,725	88,160	837,162	10.7%	67,859	53,012	41,747
Agriculture	16,875	27,528	24,269	36,650	64,559	18,012	12,428	25,567	44,141	35,381	36,972	37,790	45,261	33,819	123,499	43,281	626,032	8.0%	53,618	44,584	35,026
Manufacturing, Mining Trade	432	10	304	331	2,784	7,498	5,404	957	90	1,543	1,541	1,732	6,953	9,966	24,184	15,662	79,390	1.0%	29,176	25,177	10,224
Rural Development	35,103	43,548	28,542	70,191	78,097	67,918	63,274	58,087	67,318	61,880	50,049	35,878	60,484	50,005	49,852	70,976	891,202	11.3%	71,370	43,108	27,301
Banking and Business Services														12,720	9,736	15,571	38,027	0.5%	11,506	11,466	15,300
Urban Planning & Management														3,926	935	1,956	6,817	0.1%	4,210	3,239	2,882
Information and Communications	860	1,350	2,086	3,936	22,344	16,761	11,010	5,560	677	1,239	1,516	1,172	1,207	857	9,914	31,300	111,788	1.4%	1,783	93	58
Energy, Power & Electricity	1,057	7,498	23,702	38,972	13,772	17,335	30,893	28,789	21,364	5,705	6,322	20,270	12,871	15,632	13,736	12,610	270,529	3.4%	31,008	42,685	17,540
Transportation	8,682	45,126	57,743	78,299	60,249	37,236	47,072	33,935	47,140	59,712	78,081	65,607	81,959	73,855	54,828	99,175	928,698	11.8%	170,518	111,404	79,739
Water and Sanitation	2,359	220				164	141	4	15	1	15,050	22,906	4,882	24,494	18,237	17,420	105,892	1.3%	26,575	10,244	11,479
Community and Social Welfare	5,571	15,802	27,095	41,147	20,828	18,833	33,106	24,747	36,419	69,615	64,133	81,024	43,748	35,324	38,531	52,179	608,102	7.7%	14,918	11,532	4,455
Culture & Arts	141,058	53,676	41,602	28,077	12,299	15,829	9,785	47,242	66,915	40,098	14,203	15,937	18,425	4,795	14,114	7,171	531,226	6.8%	5,829	4,423	2,227
Environment & Conservation	315	1,236	1,541	1,072	3,349	5,844	3,469	2,842	2,133	979	15,279	18,181	19,586	12,308	14,587	8,925	111,647	1.4%	7,149	4,143	1,174
Gender														2,591	3,850	6,406	12,847	0.2%	7,001	4,084	2,266
HIV/AIDS														25,358	35,381	40,974	101,713	1.3%	44,238	33,685	7,113
Governance & Administration	6,625	68,510	101,489	147,432	161,367	97,462	95,478	60,659	72,396	84,625	100,971	58,441	46,838	67,347	96,827	109,899	1,376,366	17.5%	136,969	76,056	31,676
Tourism														1,242	2,505	3,043	6,790	0.1%	6,060	5,073	835
Budget & BoP Support														11,097		29,131	40,228	0.5%	22,255	6,790	9,855
Emergency & Food Aid														3,038	383	2,068	5,490	0.1%	10,407	15,415	10,417
Other											10,336	22,450	43,889	42,002	13,395	23,311	155,383	2.0%	59,495	40,321	19,560
Total Disbursements	250,183	321,891	358,045	513,320	518,082	383,188	433,280	399,710	466,813	471,842	530,923	539,507	555,392	609,953	713,241	790,377	7,855,747	100%	887,941	627,793	371,637

3.5 DISBURSEMENTS TO GOVERNMENT & NON-GOVERNMENT SECTOR 2006 AND 2007 (USD THOUSANDS)

Development partner	2006					2007												
	Government Sector	Non Government Sector			Total	Government Sector	Non Government Sector			Total								
		Donor	NGOs	Other			Donor	NGOs	Other									
Japan	96.8	3.5	3.4		103.7	116.6	1.3	4.1		122.1								
China	53.2				53.2	92.4				92.4								
ADB	67.2	0.3			67.5	69.3	0.1			69.4								
United Nations (core funds)	46.5	2.8	3.4	1.3	54.0	46.8	2.4	2.0	1.3	52.4								
USA			51.0		51.0			58.1		58.1								
EU/EC	12.0	11.2	17.8	5.5	46.5	20.4	4.2	12.7	7.5	44.9								
IBRD/World Bank	23.7		0.7		24.5	46.8	0.1	0.7		47.6								
Germany	16.7	1.8	8.2	5.7	32.4	27.4	4.3	3.2	1.6	36.5								
IMF	83.5				83.5	0.9				0.9								
UK		17.2	3.2	0.1	20.7	1.0	19.8	2.4	0.4	23.7								
France	13.5	5.2	1.5	1.6	21.8	13.8	3.6	2.0	2.4	21.8								
Global Fund	21.9				21.9	21.1				21.1								
Australia	7.0	7.2	5.9	2.3	22.5	7.0	13.0	8.4	1.2	29.6								
Republic of Korea	13.1		0.2		13.3	31.4				31.4								
Sweden	13.4		2.6		16.0	14.3		3.1		17.3								
Canada	1.7	2.6	1.6	2.1	7.9	1.7	4.2	1.2	1.6	8.7								
Denmark			0.1	4.0	4.1				9.8	9.8								
Belgium	7.3				7.3	8.0				8.0								
Finland	2.3	2.2			4.5	2.5	2.7			5.2								
Spain	0.6		2.3		2.8	2.1	0.4	1.6		4.1								
Switzerland	0.1			2.4	2.4	0.2		0.3	3.1	3.6								
New Zealand	0.6	0.4	0.7		1.7	2.8	0.7	0.3		3.8								
Netherlands			0.1		0.1			0.1		0.1								
Total Development Partner	481.1	54.3	102.7	24.9	663.1	526.5	56.8	100.3	29.0	712.6								
NGOs (core funds)			50.2		50.2			77.7		77.7								
Total Disbursement	481.1	67.5%	54.3	7.6%	152.8	21.4%	24.9	3.5%	713.2	526.5	66.6%	56.8	7.2%	178.1	22.5%	29.0	3.7%	790.4

3.6 DISBURSEMENTS TO PROVINCES 2006-2010 (USD THOUSANDS)

Province	Group	2006	2007	2008	2009	2010
Banteay Meanchey	United Nations Agencies	1,941	1,729	1,393	1,438	1,448
	IFIs	5,469	6,998	12,037	7,971	2,900
	European Union	2,094	3,628	4,523	4,427	2,592
	Bilateral	4,840	2,580	2,224	1,700	1,034
	NGO	858	1,730			
	TOTAL	15,203	16,665	20,177	15,536	7,975
Battambang	United Nations Agencies	1,758	1,640	1,054	991	823
	Int'l Financial Institutions	5,688	4,475	7,318	3,171	3,570
	European Union	3,789	5,002	6,524	5,229	2,592
	Bilateral	7,038	7,601	12,179	8,201	7,101
	NGO	3,408	3,516			
	TOTAL	21,682	22,235	27,074	17,592	14,086
Kampong Cham	United Nations Agencies	2,060	1,472	2,831	2,900	2,920
	Int'l Financial Institutions	1,271	963	1,695	488	
	European Union	4,848	7,171	5,018	3,897	2,881
	Bilateral	4,880	9,971	18,485	7,409	4,435
	NGO	2,919	4,571			
	TOTAL	15,978	24,148	28,029	14,693	10,236
Kampong Chhnang	United Nations Agencies	1,343	1,396	2,251	2,285	2,293
	Int'l Financial Institutions	2,475	1,904	3,800	2,131	1,870
	European Union	826	1,928	2,009	1,112	252
	Bilateral	377	1,627	6,643	16,306	6,255
	NGO	1,177	1,843			
	TOTAL	6,198	8,699	14,702	21,835	10,670
Kampong Speu	United Nations Agencies	2,946	2,753	2,990	3,143	2,587
	Int'l Financial Institutions	1,217	927	2,700	908	350
	European Union	2,247	4,296	3,767	2,909	2,615
	Bilateral	2,053	1,194	727	941	22
	NGO	1,110	1,652			
	TOTAL	9,572	10,822	10,183	7,901	5,574
Kampong Thom	United Nations Agencies	3,593	2,933	3,985	3,447	2,899
	Int'l Financial Institutions	6,418	4,823	7,829	3,424	1,870
	European Union	5,382	5,936	5,033	5,202	6,278
	Bilateral	1,055	2,115	7,072	10,193	12,194
	NGO	940	1,754			
	TOTAL	17,387	17,562	23,919	22,265	23,241
Kampot	United Nations Agencies	1,265	974	1,019	421	273
	Int'l Financial Institutions	2,012	2,448	6,624	6,297	8,130
	European Union	1,874	2,215	4,951	17,888	4,168
	Bilateral	4,852	7,847	1,194	1,997	4,056
	NGO	789	517			
	TOTAL	10,792	14,001	13,787	26,603	16,627
Kandal	United Nations Agencies	739	542	740	748	753
	Int'l Financial Institutions	276	1,279	5,331	3,988	3,010
	European Union	216	705	857	516	233
	Bilateral	24,101	48,605	70,935	27,183	10,856
	NGO	1,332	2,666			
	TOTAL	26,664	53,796	77,864	32,435	14,853
Koh Kong	United Nations Agencies	154	124	98	127	129
	Int'l Financial Institutions	83	136	153	169	600
	European Union	587	1,517	1,370	1,442	1,174
	Bilateral	368	1,050	429	294	114
	NGO	956	1,576			
	TOTAL	2,148	4,403	2,049	2,031	2,017
Kracheh	United Nations Agencies	155	447	518	815	817
	Int'l Financial Institutions	372	498	1,341		
	European Union	699	2,685	3,278	2,351	1,329
	Bilateral	8,410	13,450	26,842	11,850	5,304
	NGO	373	908			
	TOTAL	10,009	17,987	31,979	15,016	7,451
Mondul Kiri	United Nations Agencies	112	127	105	137	131
	Int'l Financial Institutions	83	136	113	69	
	European Union	418	1,303	1,804	2,047	2,701
	Bilateral	4,393	6,537	9,360	8,737	114
	NGO	271	433			
	TOTAL	5,277	8,537	11,381	10,990	2,947
Phnom Penh	United Nations Agencies	3,914	4,556	9,147	2,963	1,435
	Int'l Financial Institutions	1,463	1,671	2,995	2,273	350
	European Union	5,227	6,925	11,722	6,037	10,156
	Bilateral	42,395	35,199	25,860	15,329	7,391
	NGO	15,163	22,339			
	TOTAL	68,162	70,690	49,723	26,602	19,332
Preah Vihear	United Nations Agencies	203	460	1,116	1,444	1,381
	Int'l Financial Institutions	619	890	2,453	1,138	
	European Union	1,700	1,257	1,646	1,417	1,094
	Bilateral	1,057	1,641	6,692	8,037	7,842
	NGO	348	880			
	TOTAL	3,928	5,128	11,908	12,036	10,318
Prey Veng	United Nations Agencies	4,378	4,476	5,876	5,503	5,046
	Int'l Financial Institutions	1,603	605	1,635	488	

Province	Group	2006	2007	2008	2009	2010
	European Union	1,543	2,435	2,208	1,401	847
	Bilateral	1,530	8,142	17,903	8,845	3,683
	NGO	692	1,707			
	TOTAL	9,747	17,365	27,623	16,236	9,575
Pursat	United Nations Agencies	379	405	1,910	1,847	1,846
	Int'l Financial Institutions	3,230	2,599	5,520	3,081	3,195
	European Union	2,452	2,916	2,256	2,732	1,569
	Bilateral	625	928	1,225	647	647
	NGO	518	1,173			
	TOTAL	7,204	8,021	10,911	8,307	7,257
Ratanak Kiri	United Nations Agencies	72	382	439	734	736
	Int'l Financial Institutions	1,463	933	1,113	1,119	
	European Union	308	2,183	2,663	2,884	1,379
	Bilateral	475	760	781	294	114
	NGO	312	404			
	TOTAL	2,630	4,662	4,996	5,032	2,229
Siem Reap	United Nations Agencies	3,687	2,607	5,908	5,294	5,202
	Int'l Financial Institutions	5,579	6,119	8,954	7,144	2,170
	European Union	7,264	10,897	11,503	12,344	9,152
	Bilateral	6,361	4,268	4,970	4,226	970
	NGO	14,339	20,187			
	TOTAL	37,230	44,078	31,335	29,008	17,494
Krong Preah Sihanouk	United Nations Agencies	146	69	170	173	174
	Int'l Financial Institutions	930	845	2,878	3,128	6,550
	European Union	1,329	1,779	1,789	1,307	1,299
	Bilateral	25,069	39,432	27,075	21,857	18,018
	NGO	306	2,061			
	TOTAL	27,779	44,186	31,911	26,464	26,042
Stung Treng	United Nations Agencies	622	614	1,214	1,314	975
	Int'l Financial Institutions	1,753	1,297	2,345	1,050	
	European Union	2,498	2,639	3,290	2,471	1,725
	Bilateral	5,466	1,874	429	294	114
	NGO	493	598			
	TOTAL	10,831	7,021	7,278	5,129	2,814
Svay Rieng	United Nations Agencies	2,866	3,912	3,206	2,863	2,335
	Int'l Financial Institutions	2,079	819	1,147		
	European Union	1,017	1,348	1,070	741	497
	Bilateral	897	1,253	1,188	1,762	
	NGO	502	921			
	TOTAL	7,361	8,253	6,612	5,366	2,832
Takeo	United Nations Agencies	802	639	1,154	1,000	935
	Int'l Financial Institutions	1,543	2,147	7,199	4,130	2,310
	European Union	1,873	1,605	997	4,076	2,227
	Bilateral	1,497	1,673	1,745	2,096	4,048
	NGO	1,925	3,435			
	TOTAL	7,640	9,498	11,096	11,303	9,520
Oldar Meanchey	United Nations Agencies	867	783	1,044	1,122	925
	Int'l Financial Institutions	3,702	4,737	5,678	4,300	175
	European Union	3,210	4,347	2,943	3,040	1,223
	Bilateral	358	886	316	180	
	NGO	383	651			
	TOTAL	8,519	11,404	9,981	8,642	2,323
Krong Kep	United Nations Agencies	6	4	10	10	10
	Int'l Financial Institutions	298	342	1,147		
	European Union	457	950	823	1,039	1,091
	Bilateral	6	285			
	NGO	124	356			
	TOTAL	892	1,937	1,980	1,049	1,101
Krong Pailin	United Nations Agencies	727	726	140	169	172
	Int'l Financial Institutions	713	851	2,519		
	European Union	297	52	361	360	93
	Bilateral	1,380	1,208	6,031	6,932	6,282
	NGO	905	134			
	TOTAL	4,021	2,971	9,051	7,462	6,547
Natiowide	United Nations Agencies	19,226	18,674	42,433	17,488	3,927
	Int'l Financial Institutions	125,083	68,997	65,960	45,645	22,446
	European Union	102,903	95,354	118,557	100,035	63,038
	Bilateral	106,206	149,716	137,911	67,395	5,835
	NGO	22	1,724			
	Others	21,854	21,067	32,290	17,419	
	TOTAL	375,294	355,532	397,152	247,982	95,246
Totals	United Nations Agencies	53,959	52,444	94,065	58,377	40,175
	Int'l Financial Institutions	175,429	117,930	171,092	127,110	98,696
	European Union	156,149	171,357	201,682	191,488	126,338
	Bilateral	255,688	349,843	388,812	233,399	106,428
	NGO	50,162	77,736			
	Others	21,854	21,067	32,290	17,419	
	TOTAL	713,241	790,377	887,941	627,793	371,637

ANNEX FOUR

SECTOR AND SUB-SECTOR CLASSIFICATIONS

Sector / Sub-sector	
Social Sectors	
Health	Education
Hospitals	Primary/Basic
Immunisation & Disease Control	School and Facilities
Medical Education	Secondary Education
Medicines & Equipment	Sector Policy
Primary Health	SWAp
Reproductive Health	Teacher Training
Sector Policy	Tertiary, Vocational and Higher
SWiM	
Economic Sectors	
Agriculture	Manufacturing, Mining & Trade
Agriculture financial services	Industrial Development
Agriculture inputs	Mining, Fossil Fuel
Agriculture sector policy and management	Policy and Administration
Agriculture Water & Irrigation	SME Policy and Development
Cash and Export Crops	Technological Research
Education, Training	Trade Policy, Negotiation
Extension Services	
Fisheries	Rural Development
Food Crops	Land Management and Planning
Food Security, Nutrition	Land Mine Clear
Forestry	Rural Roads
Livestock & Veterinary	Rural Sector Policy and Administration
Meteorology	Rural Water & Sanitation
Post-harvest	
	Banking and Business Services
	Business Support Services
Urban Plan & Management	Financial Sector Policy, Planning & Regulation
Land Management and Spatial Planning	Formal sector financial institutions
Urban Sector Policy and Administration	Informal sector financial institutions
Infrastructure	
Transportation	Water and Sanitation
Air Infrastructure & Transport	Education and Training
Rail Infrastructure & Transport	River Development
Road Infrastructure & Transport	Sector Policy and Planning
Transport Policy and Management	Waste Management
Water Infrastructure (port)	Urban Water Supply and Sanitation
Energy, Power and Electricity	Information and Communications
Energy Research	ICT
Energy Policy and Management	Post & Telecommunications
Power Generation	Radio / Television / Print Media
Power Transmission	
Services & Cross-Sectoral Programme	
Community and Social Welfare	Governance & Administration
Culture & Arts	Economic & Development Policy/Planning
Environment and Conservation	Elections
Gender	Human Rights
HIV/AIDS	Legal and Judicial
Tourism	Decentralisation & Deconcentration
Budget & Balance of Payments Support	Public Financial Management
Emergency and food aid	Public Administration Reform
	Civil Society

ANNEX FIVE

Joint Monitoring Indicators Report on Progress since the First CDCF, 19-20 June 2007

This report, prepared by CRDB/CDC with inputs provided by TWGs, documents progress that has been made, and challenges encountered, in the implementation of the JMIs that were endorsed during the First CDCF held on 19-20 June 2007.

I. Introduction and Overview

1. This report documents progress that has been made, and challenges encountered, in the implementation of the Joint Monitoring Indicators (JMIs) that were endorsed by the Royal Government of Cambodia (RGC) and Development Partners (DPs) at the meeting of the first Cambodia Development Cooperation Forum (CDCF) held on 19-20 June 2007. In preparing this report, the Cambodian Rehabilitation and Development Board (CRDB) of the Council for Development of Cambodia (CDC) benefited very much from the reports submitted by Technical Working Groups (TWGs) on progress/challenges in implementing JMIs that fall under TWG responsibility. TWGs were asked to discuss and agree with respective Lead Facilitators the reports before submission to CRDB/CDC, and CRDB/CDC wishes to acknowledge the cooperation from TWGs in this matter.

2. The meeting of the first CDCF endorsed a set of Joint Monitoring Indicators that were to be implemented and monitored jointly. JMIs present priorities to achieve those identified in the National Strategic Development Plan. The current JMIs include targets and actions needed and responsible government implementing institutions/agencies as well as concerned TWGs and indicated resources that would be needed in the course of implementation. The next section will provide in detail status of the implementation of each activity and a summary table is presented as Annex One.

3. Overall, progress has been encouraging although the speed and depth vary across priority areas. The **implementation of the National Strategic Development Plan (NSDP)** has reached its mid-point, and a mid-term review has been carried out. While the priorities identified in the NSDP represent national goals, its success also hinges upon the leadership and strategic management support provided by RGC in a context of a partnership dynamics that enables the government to exercise ownership over development agenda and process. The Ministry of Planning has made headway in its effort to bring coherence to the planning sector across ministries and government agencies by a development of a strategic document called the Ministry of Planning Strategic Plan (MPSP). The objective is to provide strategic support for the RGC to manage the implementation of the NSDP and strengthen capacity in the planning area. However, coordinated support from development partners to the implementation of MPSP is still under discussion. It remains to be seen that coordinated development partner support is secured for the implementation of the MPSP. That would entail a lot of endeavor on the side of the government and development partners. The Planning and Poverty Reduction TWG is the strategic entry point where discussion for mechanism and steps to reach the goal can take place. Experience of TWGs, such as PFM and Partnership and Harmonization, have shown the potential of rallying diverse development partner supports behind a single government-led initiative.

4. The national aid effectiveness priorities, foremost those identified in the Harmonization, Alignment, and Results (H-A-R) Action Plan, aim to steer a partnership-based approach that underlies the implementation of NSDP. The potential for a deteriorating global environment to impact on aid delivery mandates the effective utilization of scarce public resources, especially those that support NSDP implementation. This has made RGC's commitments to aid effectiveness, reaffirmed in the Rectangular Strategy Phase II, and the call for actions in the Accra Agenda of Action all the more relevant. Progress is being made in implementing the H-A-R Action Plan and the commitments in the Declaration between Royal Government of Cambodia and Development Partners on Enhanced Aid Effectiveness (October 2006). Yet, as a recent evaluation found, progress has been slower than anticipated and uneven across sectors. Learning from the evaluation, the future implementation activities of the H-A-R Action Plan will become more focused and grounded in sector priorities.

5. On **social sector priorities**, achievements to date suggest consolidation and acceleration. Anchored in the Education Strategic Plan that is being implemented with support from the government and development partners, providing opportunity for primary education continues to be among the high priorities for the sector. As a result, net enrollment and survival rates in primary education keep increasing from year to year and the JMI was met. Yet there is still a long way to go towards reaching the NSDP

targets for net enrollment and survival rates in primary education, despite significant progress so far. In the health sector, the Ministry of Health has made great stride in bringing skilled health professionals to health centers, surpassing the JMI target in an effort to curb infant mortality and morbidity. This continues to be the focus of the ministry during the next years.

6. Significant achievements have also been made in responding to the HIV/AIDS pandemic, reversing the prevalence of HIV among adult population. Progress so far has not only built upon a comprehensive and multisectoral response which encompassed prevention, care support and mitigating the impact of the disease on the infected and society; also sustainability of the funding continues to be one of the important factors for the success, while private sector engagement in the HIV/AIDS response will be key in broadening the HIV/AIDS prevention and response. Sustaining progress in the fight against HIV/AIDS involves more than the implementation of the National Strategic Plan for Comprehensive and Multisectoral response to HIV/AIDS although it is critical in this effort. It is linked with efforts that are being made in the health sector, with national anti-drug measures, with advance in civil service reform, and collective action of government institutions and agencies concerned as well as continued support from development partners.

7. Food security is another area that needs to be given attention in the face of soaring food price and the impact this has had on the poor population worldwide. The adoption of a strategic framework to mainstream food security and nutrition represents a first step, nationally, towards ensure that food security and nutrition agenda is integrated into sector strategies and policies. Ensuring the implementation of the Strategic Framework for Food Security and Nutrition should be an important focus in the next 15-18 months given the deteriorating global situation and food price increases.

8. On the **economic sector** front, agriculture development can finally be grounded upon a sector strategy that is closely linked with water policies. As outlined in the NSDP, and recently the Rectangular Strategy Phase II, development of this sector holds key to the success of the first strategic rectangle, and more widely the implementation of the Rectangular Strategy itself. Yet the pace is slow towards putting in place necessary steps for implementing the Strategy on Agriculture and Water (SAW). The completion of the design of five national programs under the SAW, envisaged by the end of 2008, is not likely, and it seems that much remains to be done in terms of establishing institutional arrangements, securing funding, assessing capacity needs, before the SAW could be implemented.

9. In land reform, building on the achievements to date, the focus will continue to be placed upon the implementation of the legal framework established by the Land Law, in particular those related to the protection of land and land use rights of the indigenous communities, while expanding the coverage of social land concession programs. In forestry reform, rules and regulations on Economic Land Concessions (ELCs) are strictly implemented. So far, a number of ELCs have been subject to review, and continued effort to make public information on ELCs will remain the priority. In fisheries, actions have been taken to reflect the priorities of the fisheries sector to improve the livelihoods of rural communities, including the approval of a Code of Conduct for Responsible Fisheries, and continued strengthening of the Fisheries Administration. Progress continues to be made in demining effort in reducing landmine casualties and contaminated areas.

10. Measures have been taken to create an enabling environment for the private sector to develop under the leadership of the Steering Committee on Private Sector Development. Implementation of risk management is under way to move forward trade reforms. The main focus next is on a "Trade SWAP" and strengthening the legal framework to improve the environment for the private sector to grow with support from development partners in a harmonized way and private sector participation.

11. In the **infrastructure sector**, measures have been taken to ensure the sustainability of road network, especially rural roads. Under leadership of the Ministry of Public Works and Transport, guidelines on road maintenance have been developed, and a support project has been secured, which will start in 2009, to enhance the quality of the Road Maintenance Management System. Rural area is also the focus of improved sanitation and water supply, being one of the Cambodian MDGs. The development of a Rural Water Supply and Sanitation Strategy is still a relevant priority that will mobilize and harmonize supports behind a government-led effort to bring clean water and hygienic living standard to its rural population, although progress so far has been slow.

12. Progress on governance and cross-sectoral priorities are moving forward in some areas, while in the other, progress is mixed. Built on a credible budget, achieved through the Public Financial Management Reform Program Platform 1, preparation is being made to move toward Platform 2, aimed at improving accountability for effective financial management. In public administration reform, improving the quality of public service delivery continues to be high on the agenda. This is moving forward with effort to enhance remuneration and deployment in the public services, coupled with effective implementation of a

human resource management policy. Measures have also been introduced in an effort to phase out salary supplementation practices such as the introduction of MBPI, and work is underway to expand the coverage of MBPI to other ministries and agencies.

13. In other areas, work is on-going towards reaching the targets of JMIs. With regard to legal and judicial reform, of the seven fundamental laws, three have been promulgated, and the drafting process of the other four laws is being accelerated, to pave way for a comprehensive judicial reform. The time-consuming effort and technical complexity involved in the drafting of the Penal Code has implication on the government's effort in having an anti-corruption law tabled for discussion by the government. The government has stated, and more recently reiterated in the Rectangular Strategy Phase II, that combating corruption remain the highest priority policy, and once the Penal Code is finalized, work will begin on having the draft Anti-Corruption Law passed. The immediate next step, therefore, is expediting the finalization of the draft Penal Code.

14. In Decentralization and Deconcentration (D&D) reform, finalization of an Organic Law and the design of a national program to support sub-national democratic development are moving forward albeit slowly. An Organic Law that truly aspires to sub-national democratic development requires a comprehensive consultation process and involves multi levels of governance including financial matters. The elections of the district and provincial councils scheduled in 2009 are a step forward in D&D reform, although preparations for the elections have acted as competing priorities for the government.

15. Progress has also been made in such cross-cutting areas as gender. Preventing domestic violence, suppression of human trafficking, and migration policy remain the focus areas. Although the Ministry of Women's Affairs has made headway, much remains to be done in terms of improving collaboration of concerned ministries and agencies in preventing domestic violence and violence against women, addressing the challenges in the implementation of human trafficking law, not to mention the capacity issue in the ministry.

16. As in other reform areas, governance reform is much more than just technical reforming. This is mainly due to the complexity and sensitivity of the many factors involved. Nevertheless, seeing in the "Rome was not built in a day" view, and acknowledging solid incremental progress across a number of reform areas, the gains so far have provided solid basis to move forward.

II. Status of Implementation

Implementation and management of the National Strategic Development Plan (NSDP)

TARGET 1: APPROVE FINAL MINISTRY OF PLANNING STRATEGIC PLAN (MPSP)

Action: Approve final MPSP as a strategic document to be implemented with coordinated EDP support

17. The Ministry of Planning Strategic Plan (MPSP) was approved as the strategic MoP document. So far there is no coordinated external development partner support to the plan.

Action: Bring together the NSDP APR and the alignment section of the CDC AER to document and assess progress on key NSDP indicators and resources committed/aligned to NSDP priorities

18. The NSDP mid-term review documents and assesses progress on key NSDP indicators. The CDC AER documents and assesses resources committed/aligned to NSDP priorities. Effort is still to synchronize timeframe between data collection and analysis, planning and budget process.

TARGET 2: NATIONAL AID EFFECTIVENESS PRIORITIES ARE IMPLEMENTED AND MONITORED IN THE CONTEXT OF A PARTNERSHIP-BASED APPROACH TO THE NSDP

Action: Strengthening Ownership, Managing for Results and Mutual Accountability. Development partners: (i) report to CDC on details of all new and on-going support; (ii) provide up-dated information in the CDC Database; and (iii) hold periodic consultations with CDC to validate data and to assess progress in implementing H-A-R priority actions

19. The Cambodia ODA Database, maintained by CRDB/CDC, has been an excellent tool for providing updated information on on-going and planned support by development partners. Information in the Cambodia ODA Database has been regularly updated and validated by development partners. The Cambodia ODA Database has been instrumental in the conduct of the 2008 Paris Declaration monitoring survey (Jan.-March 2008) and in preparation for the conduct of the 2nd CDCF scheduled in December 2008. Results from the survey provided basis for assessing progress in implementing H-A-R Action Plan priorities.

20. Two main pieces of analytical work were conducted as part of implementing H-A-R Action Plan priorities. One is a study on TC in Cambodia, which was completed in June 2008. The other is the

evaluation of the H-A-R Action Plan implementation which is being carried out. Results from both studies and the dialogue they have generated will inform RGC in the implementing of the H-A-R Action Plan for the next two years.

Action: Promoting Harmonization and Alignment. Progress in implementing the H-A-R Action Plan and TWG Guideline is reported by TWGs and consolidated as a background document for each GDCC meeting

21. With reports provided regularly by TWGs, CDC/CRDB has been able to prepare a consolidated report on the implementation of the H-A-R Action Plan and TWG Guideline. The consolidated report was submitted as a background document during every GDCC meeting.

Action: Managing for Results. The H-A-R Action Plan is augmented with a set of indicators, the Aid Effectiveness Report assesses progress in H-A-R Action Plan implementation and is presented to CDCF

22. H-A-R Action Plan has been augmented with indicators. Results of the 2008 Paris Declaration Monitoring Survey and those coming out of the evaluation of the implementation of H-A-R Action Plan will provide basis for assessing its implementation in the 2008 Aid Effectiveness Report that will be prepared for the 2008 CDCF.

NSDP Social Sector Priorities

TARGET 3: INCREASE OPPORTUNITIES FOR PRIMARY EDUCATION

Action: Increase the net enrolment in primary schools (total and by sex)

23. The Ministry of Education, Youth and Sport (MOEYS), with supports from Development Partners, has successfully implemented key strategies stated in the Education Strategic Plan (ESP) and the priority programs in the Education Sector Support Program (ESSP) 2006-2010. As a result, the net enrollment rate (NER) increased from 92.2% in school year 2006-2007 to 93.3% in 2007-2008. The female NER increased from 91.0% in school year 2006-2007 to 93.3% in 2007-2008 at national level while NER for boys remained unchanged at 93.2%.

Action: Increase the survival rate from grades 1 to 6

24. The survival rate from Grade 1 to Grade 6 at the national level also increased from 49.3% in school year 2005-2006 to 52.5% in 2006-2007. The Survival rate for female students increased more sharply from 48.9% to 55.4% while that for boys slightly increased from 49.6% to 50%.

25. Although enrollment and survival rates have increased significantly in the past year, at the current rate of the progress, the NSDP targets for both indicators (100% by 2010) are not likely to be achieved. The main challenges include economic burdens of education on poor households, lack of child's school readiness, problem of late school entry, existence of incomplete schools, lack of textbooks and other learning materials, lack of water and hygiene facilities in school, and low quality of teaching and learning.

TARGET 4: INCREASE THE PROPORTION OF DELIVERIES ATTENDED BY SKILLED HEALTH PERSONNEL IN THE PUBLIC SECTOR TO 45% BY DECEMBER 2007 (38% IN DECEMBER 2006)

Action: Recruitment and deployment of at least 68 midwives for 68 health centres that do not yet have any midwife by the end of 2007

26. 188 primary midwives and 40 secondary midwives were recruited in 2007 and have been allocated to 166 health centers, of which 66 had ever had one in 2006. This will continue in 2008, with a total 181 midwives recruited and deployed to hospitals and health centers across the country.

Action: Provide salary incentives to midwives – an incentive based on the number of deliveries was adopted under the Inter-Ministerial Prakas of the MEF and the MoH No 268, April 2 2007 and the adapted midwife salary scales and compensation payments for professional related health risks as proposed by MoH are to be endorsed at a full session of the Cabinet of Ministers

27. Salary incentives have been provided to midwives, and the implementation of this activity will be continued.

TARGET 5: ENHANCED NATIONAL RESPONSE TO HIV/AIDS PANDEMIC

Action: Increase coverage of effective drug & HIV/AIDS prevention, comprehensive care and support, and effective mitigations inventions

28. The implementation of the JMI has reached the set target in 2007. The greatest achievement of Cambodia's response to AIDS has been reversing the prevalence of HIV among adult population from the

peak of 2% in 1998 to its current level of 0.9%. This can be attributed to well-coordinated and resourced prevention programmes and projects implemented throughout the country by partners with strong leadership from all levels of government, and with increasing engagement of communities and community networks. However, ongoing concentrated epidemics exist among males-who-have-sex-with males (MSM), injecting drug users (IDU), and sex workers.

29. Responding to the above emergence issues, the concerned RGC ministries and development partners have jointly developed and used the National Strategic Framework and costed operational plans on HIV/AIDS and STIs for MSM and IDU/DU. In addition, a situation and response assessment for STI and HIV/AIDS programs for MSM in Cambodia has been developed and publicized. A Technical Working Group on entertainment workers was established with clear terms of reference and work plan. It is anticipated that a strategic plan will be finalized by 2008.

30. To increase coverage for HIV/AIDS prevention and providing technical leadership and coordination support, role and responsibilities of key sub-technical working groups were redefined (advocacy and communication; policy and law; religious response to HIV/AIDS; monitoring and evaluation). More representatives from NGOs and community based organizations are included in the groups.

31. Engaging the private sector in the AIDS response is a key strategy in the National Strategic Plan 2006-2010. The National Private Sector Working Group, which chaired by the NAA and composed of members of line ministries, the UN and civil society organizations, was established with its annual work plan. It has a plan to develop a national private sector framework and costed operational plan to enhance the response and safeguard the workforce and their families from HIV/AIDS and ensure that work places are sympathetic to HIV/AIDS and related issues.

32. As people living with HIV developed opportunistic infections and AIDS-related illness, government ministries, partners and civil societies scaled up care and support programs to respond to their health care needs. As of the first half of 2008, nearly 30,000 active patients were receiving the ART in which nearly 10% were patients aged 0-14 years old. The expanded coverage of Cambodia's model Continuum of Care program reaches more than 80% of adult living with HIV and more than 50% of children. This model was assessed and the results were shared at TWG-HIV/AIDS meeting. It appeared that the above program was cost-effective.

33. Current impact mitigation programmes usually target people living with HIV, orphans and vulnerable children (OVC) and their families. With the Ministry of Social Affairs, Veterans and Youth Rehabilitation as the lead institution with NAA providing facilitation support together from the inputs of development partners, a situation and response assessment on Orphans, Children Affected by HIV and Other Vulnerable Children in Cambodia has been developed and used followed then by a national strategic framework and costed operation plan for 2008-2010 (currently called Plan of Action) that are shared to the stakeholders and implemented as planned. It is also anticipated that the Provincial OVC Task Force, an initiative, would be created in 2 provinces in Cambodia by 2008.

TARGET 6: FOOD SECURITY AND NUTRITION INTEGRATED INTO RELEVANT SECTOR

Action: Under RGC leadership, a Strategic Framework to mainstream food security and nutrition is developed by TWG-FSN and endorsed by relevant ministries

34. The Council for Agricultural and Rural Development (CARD) and Ministry of Planning (MoP) started the formulation process of the Strategic Framework for Food Security and Nutrition in Cambodia 2008-2012 (SFFSN) in early April 2007, in close collaboration with the TWG-FSN, and in consultations with concerned agencies and TWGs. Based on discussion and feedbacks, the SFFSN was endorsed by the TWG-FSN in early 2008. Dissemination of the strategic framework is under way.

35. The SFFSN has been used as a reference document in the formulation of policies, strategies, and programmes: the Strategy on Agriculture and Water (SAW), Food Security Support Programme under SAW, and it is strongly expected that it will be increasingly used by agencies and institutions as a reference for the formulation/design of their strategies, programmes and projects especially decentralized development plans. Therefore, a wider dissemination of the framework is being planned and organized at both national and sub-national level. The implementation of the framework will be monitored and discussed regularly.

NSDP Economic Sector Priorities

TARGET 7: IMPLEMENT AND MONITOR A PARTNERSHIP-BASED APPROACH TO AGRICULTURE AND WATER SECTOR PRIORITIES

Action: Progressive implementation of the Strategy for Agriculture and Water, as required by NSDP:

- a) **Reaching agreement by end of June 2007 on a Statement of Principles to guide donors and government agencies working in the agriculture and water sectors**
- b) **Obtaining approval by MAFF, MOWRAM and donors on the terms of reference for the design of the 5 National Programs under the SAW by July 2007**
- c) **Completing the design of two National Programs by the end of December 2007**
- d) **Completing design of all 5 National Programs by the end of July 2008**

36. With support from TWG on Agriculture and Water, a Statement of Principles (SOP) was developed by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Water Resources and Meteorology. The SOP was signed by the two ministries and development partners in October 2007. It will serve as a tool to guide development partners and government agencies working in the agriculture and water sectors.

37. To support the development of the five National Programs under the SAW, mechanisms and processes have been set up to ensure an efficient and harmonized implementation of the five programs finalized. For each National Program, a Team Management Support Group has been established, and under the leadership of MAFF and MOWRAM, to oversee the development of the National Programs. So far, Terms of Reference for each Program has been prepared and approved.

38. The design of two National Programs, which was scheduled by end 2007, has not been completed although measures have been taken towards finalizing the programs. It is expected that this will be completed by end of 2008. Given the difficulty encountered during the design phase of the first two National Programs, the schedule of completing design of the 5 National Programs under the SAW has been extend towards mid-2009.

Action: Improved donor and government coordination:

- a) **Ensure relevant stakeholders have up to date information on activities by posting twice each year (at end June and end December) on the TWGAW website an updated project database listing the donor and government activities in the agriculture and water sectors**

39. The Cambodia ODA Database maintained by CRDB/CDC has been used a main source of information on development partner activities in the agriculture and water sectors. Development partners, through the TWGAW, have been asked to update the information regularly, the last time being August. Work is underway on improving information management for the sectors, supported by CRDB/CDC.

TARGET 8: IMPLEMENT THE LEGAL FRAMEWORK ESTABLISHED BY THE LAND LAW

Action: To adopt RGC's Policy on Registration and Use Rights of Indigenous Communal Land and pilot interim protective measures (identification, mapping, classification and provisional endorsement of indigenous land legal claims) to safeguard the indigenous community's land in two provinces within the framework of provincial level state land management committees and districting groups as per Sub-Decree 118

40. Policy on Registration and Use Rights of Land of Indigenous People was developed and approved by the Council for Land Policy. The Policy is now awaiting approval from the government. To implement the Policy, a sub-decree detailing procedures for registration of indigenous people's communal lands has been drafted by the Council of Land Policy. The draft sub-decree is under consultation within the government and with other national stakeholders. The experience gained from a piloting project in three communities is being incorporated into the draft sub-decree, before its submission to the Cabinet for approval, which is expected to be soon.

Action: To improve the livelihoods of the rural poor, i.e. 500 eligible households are settled on social land concessions with livelihood support and at least 10,000 hectares of suitable land confirmed as available for social land concessions

41. Results of the LASED project implemented in three provinces are as follows:

- In Kratie province, 3906 hectares of land have been registered for social land concession. A total of 549 households have been selected for distribution.
- In Kampong Cham province, 863 hectares of land have been registered for distribution as social land concession, and 621 households have been selected for distribution.

- In Kampong Thom province, preparation is being undertaken to start social land concession program.

TARGET 9: WITH THE AIM OF STOPPING THE LOSS OF CAMBODIA'S FOREST RESOURCES, THE LEGAL FRAMEWORKS ESTABLISHED BY THE FORESTRY LAW AND IN PARTICULAR THE SUB-DECREE ON ECONOMIC LAND CONCESSIONS MUST BE FULLY IMPLEMENTED AT ALL LEVELS OF GOVERNMENT AGENCIES

Action: Implement all provisions of sub-decree on ELCs, including establishing and making public log book of ELCs, including those issued at provincial level, and review a minimum of 5 economic land concessions over 10,000 hectares, taking appropriate action consistent with Chapter 6 on the sub-decree on ELCs

42. Provisions in the sub-decree related to the granting of Economic Land Concessions (ELCs) have been implemented strictly. Information on ELCs granted at the provincial/municipal level is available for six provinces/municipalities, although effort is being made to have information on ELCs across the country. In addition, review is being carried out for a number of ELCs with over 10,000 hectares to find ways to reduce the area that has been granted under the concession, and so far agreement has been secured from some companies.

Action: Rapid implementation across Cambodia of forest demarcation in accordance with the sub-decree 53 dated 1 April 2005

43. Progress is being made on forest demarcation. 17 protected areas have been demarcated and mapped and marking poles have been fixed. Despite increase in the price of the materials that are needed, effort is being made to speed up the progress. Cooperation from local authorities is very important in this task.

TARGET 10: TAKE APPROPRIATE ACTION TO REFLECT THE PRIORITIES OF THE FISHERIES SECTOR TO IMPROVE THE LIVELIHOODS OF RURAL COMMUNITIES IN COMMUNE, DISTRICT AND PROVINCIAL DEVELOPMENT PLANS AS WELL AS DONOR FUNDING LEVELS

Action: Cambodian Code of Conduct for Responsible Fisheries (CamCode) drafted by end 2007

44. The Cambodian Code of Conduct for Responsible Fisheries (CamCode), based on the FAO Code of Conduct, aims at providing a set of principles and guidance for all levels of relevant government institutions, civil society and the private sector on the approaches and strategies that can be adopted in development, conservation, and management of the sector. The CamCode has been drafted and is being consulted internally within the Fisheries Administration. The draft will be consulted widely with stakeholders (development partners, NGOs and government institutions) before submission to the Ministry of Agriculture, Forestry and Fisheries for final approval.

Action: Work with the government agencies/revenue authorities and donors to ensure the FiA is adequately funded including the revenue from the sector to carry out its mandate with reference to Article 14 of the Fisheries Law

45. Fisheries Administration, through the Ministry of Agriculture, Forestry and Fisheries, has requested funding so that it can carry out its mandate according to that set out in the Fisheries Law. Budget allocation from the government is limited in this regard, and there is only funding from a few development partners. Often these funds are not harmonized.

Action: Donors in fisheries use the planning, accounting and monitoring systems of the Fisheries Administration to be in line with MTEF and MBPI by end of 2007

46. Planning, budgeting and reporting systems have been established with the aim at moving towards a Program Based Approach in the Fisheries Administration. These systems fully conform to the Ministry Strategic Budget Framework of MAFF, and, in addition, a planning database, an accounting manual, an M&E unit, have been developed and put in place to support the systems. Yet only a few development partners are making use of the systems.

TARGET 11: FURTHER REDUCTION OF 70-80 LANDMINES/ERW CASUALTIES AND A DECREASE 5-10% OF CONTAMINATED MINE/ERW LAND

Action: Ensure the implementation, monitoring and evaluation of existing mine action/ERW policy, strategy, and action plans

47. From July 2007 to June 2008 there has been considerable success for the Mine Action sector, as outlined in the Level One Survey (LIS). The *strategic planning framework* has been strengthened. The

National Strategy on Explosive Remnants of War (2006-2015) was officially approved during the National Conference on Mine Action in November 2007, and subsequently updated in February 2008. The CMAA Road Map for 2008 was presented to and approved by the TWG-MA in February 2008. A preparatory study on developing a new national strategy for Mine Action, finalized in August 2008 with the assistance of the Geneva International Centre for Humanitarian Demining, has informed some of the aspects of the current planning framework which is being undertaken by the CMAA together with stakeholders from the sector. The challenge will be to integrate all of these processes into a coherent, evidence based strategy which will inform the MA sector in the future.

Action: Ensure timely disbursement of RGC and development partner funds

48. The **disbursement of funds** from RGC has improved substantially during the reporting period compared with previous years. Money has largely been received in a timely fashion. The work required for this to happen, however, was very time consuming for all government staff involved due to excessive bureaucracy of the process. Related to this, Development Partners funding is often provided directly to operators and not reported to the TWG-MA or the CMAA. With the exception of Clearing for Results (a multi-donor program managed by UNDP), a significant amount of development partner funding is fragmented and/or not centrally reported in an accurate fashion to allow the TWG-MA to prepare the PIP or other planning/reporting tools effectively.

Action: Improve mechanism to monitor the use of resources and their impact in a transparent, efficient and effective manner

49. **Monitoring capacity** for the sector has been significantly enhanced during the reporting period. The CMAA has doubled its Quality Assurance capacity from two to four teams, which are based in the provinces and continuously visit ongoing clearance sites to ensure that national quality/safety standards are being met or exceeded. Similarly, the Socio-Economic department now has two teams which conduct post-clearance monitoring to ensure that the prioritization process is targeting MA resources towards areas where there will be significant socio-economic benefits for affected community members. Approximate 200 sites will be visited by these Socio-Economic teams in 2008. Looking forward, a challenge will be to see how some of these functions can be decentralized to provincial authorities.

TARGET 12: CREATE AN ENABLING ENVIRONMENT FOR THE DEVELOPMENT OF THE PRIVATE SECTOR

Action: Relevant agencies (i.e. MOC, MoH, MAFF, MIME and MEF) to sign and implement the Service Level Agreements, attaching agreed-upon lists of prohibited goods between trade related agencies

50. The Royal Government of Cambodia considers the private sector as a locomotive for growth. Creating an enabling environment for the private sector to grow, thus, represents an important priority. Progress in this regard has been remarkable, as evidenced by the double digit growth rate during the past decade, the record level of Foreign Direct Investment and an increasing number of firms registration. Yet more efforts need to be made to consolidate these achievements. Challenges remain significant in sustaining such a rapid growth in the current global and national environment, including emerging concerns over macroeconomic stability.

51. There has been good cooperation from concerned ministries in implementing the Service Level Agreement. Good progress has been made in agreeing on the list of prohibited and restricted goods. Work is underway on streamlining the list and uploading it into the ASYCUDA system.

Action: Review implementation of risk management and act accordingly to reduce the inspection rate to fifty percent including in SEZ's. Review to be conducted under the purview of the Sub-Steering Committee on Trade Development

52. Related to this, several elements of the risk management framework are now in place such as the Custom and Excise Department's Risk Management Office, the Trade Credibility System, agreement on lists of prohibited and restricted goods, service level agreements, and the ASYCUDA system at the Sihanouk Ville port. It is expected that after the system fully function, the inspection rate will come down.

Action: Make specific recommendations on 20 priority licenses impacting on SMEs to ensure relevance, efficiency and cost effectiveness

53. Related to SMEs, no progress has been made on issues of assessing licensing impacts as to relevance, efficiency and cost effectiveness. This still represents important challenge for the private sector.

NSDP Infrastructure Sector Priorities

TARGET 13: SUSTAINABILITY OF THE NATIONAL AND RURAL ROAD NETWORK

Action: Develop Action Plans for the Establishment of the Road Network Maintenance Management System by June 2008

54. Maintenance of national roads in Cambodia has been considered an important priority. The Ministry of Public Works and Transportation has produced a number of guidelines on road maintenance. The challenge ahead is to ensure implementation of the guidelines. The Road Asset Management Project, which will be implemented during 2008-2013, is expected to help enhance the quality of the Road Maintenance Management System. Although road maintenance has been considered a government priority, an absence of a directive on this subject is making it difficult to translate the vision on road maintenance into actions.

Action: Preserve Road Assets by (i) piloting and review of out-sourcing of 3 periodic road maintenance contracts (June 2008); and (ii) improving and developing Overload Control Programs (June 2008)

55. Funding under the PRGO has been secured for supporting the pilot of out-sourcing of road maintenance. Work is underway on preparation of bidding documents to ensure compliance with RGC's financial and procurement regulations. At the same time, the Ministry is planning to conduct a study to look into strategies and processes for transferring the tasks to the private sector and its impact.

56. The Ministry is making effort to put in place mechanisms and taking stringent measures to control the overload issue. A three-level committee to address the overload issue has been set up by RGC. Yet their activities are limited. In addition, missing data on weigh motion (from the beginning of 2008), together with the lack of communication between the Ministry and the provincial level, has made overload control especially challenging across the country.

57. As an urgent measure, seven weigh stations, with portable weigh scales, will be operated starting in 2009 to enforce law and regulations on overload transportation. But much remains to be done, including developing procedures for overload control using the weigh stations and portable weigh scales, and providing adequate budget support for overload law enforcement operations.

TARGET 14: INCREASE USE OF IMPROVED SANITATION, HYGIENE AND DRINKING WATER SUPPLY, ESPECIALLY IN RURAL AREAS

Action: Develop and adopt a rural water supply and sanitation (RWSS) strategy and budget that is based on the official RWSS policy and aligned to the NSDP

58. Following establishment of the TWG on RWSSH, two key actions were considered as benchmarks to measure progress against the target of the Joint Monitoring Indicator: i) to increase improved water supply services for 50% of rural population and adequate sanitation services for 30% of rural population by 2015 in CMDG target; and ii) to increase improved water supply services for 40 % of rural people and adequate sanitation services for 20 % of rural population by 2011 in NSDP target.

59. The Ministry of Rural Development (MRD) with active and strong supports from Development Partners (DPs) is successfully contributing to improve access to safe drinking water sources and adequate sanitation facilities through a number of key outputs: i) construction of around 4,200 * water wells, ii) construction of around 2,000 public latrines, especially in rural schools, iii) 55,308 families received support to build household latrines, iv) around 200 villages in 9 provinces participated in an innovative approach known as community led total sanitation (CLTS), and v) 70 villages achieved open defecation free through community self-help in building simple and affordable toilet without material subsidy for constructions.

60. Also, the government is using the National Drinking Water Quality Standards developed in 2004 in collaboration between MRD, MIME and WHO as a guideline to monitor drinking water quality, both in urban and rural areas. Behavioral Change and Communication Strategy for the RWSSH sector has been developed and put into practice in rural communities. In order to enhance capacity development for RWSSH program management at community level focusing on sustainable operation and maintenance management, MRD has adopted the Guidelines for the establishment of village level Water and Sanitation User Groups (WSUG). Participatory Hygiene and Sanitation Transformation (PHAST) and CLTS have been promoted to improve sanitation and hygiene practices in rural areas.

61. Despite of the significant achievement, according to the CMDG Progress Report May 2007 issued by the Ministry of Planning, 42 percent and 12 percent of rural population have accessed to safe water supply sources and to adequate sanitation facilities respectively. Lack of liable information on the coverage of rural water supply, sanitation and hygiene (RWSSH) has been a main challenge to assess the sector performance. The extent of which varies greatly according to the source and the indicators used in

the different surveys and assessments. Improving RWSSH database management and information system, effective mechanism to monitor water quality, and sustainability of the constructed water supply and sanitation facilities will be the priority interventions under the new national RWSSH strategy.

62. The recent decision of the Ministry of Economy and Finance (MEF) to mobilize partially the IMF-debt relief for rural water supply and sanitation has been an encouraging commitment of the Government to the RWSSH sector. However, major constraint to the sustainable development of RWSSH is the lack of a clear national strategy. Efforts among development partners (DPs) to provide harmonized support to develop a joint national rural water supply and sanitation strategy under the leadership of Ministry of Rural Development (MRD) is being realized, the progress remains slow.

NSDP Governance and Cross-Sectoral Priorities

TARGET 15: FURTHER DEVELOP THE PUBLIC ADMINISTRATION TO SERVE PEOPLE BETTER AND TO BECOME AN EFFECTIVE DEVELOPMENT PARTNER

Action: Implement the approved "Joint Government-Donor Strategy for Phasing Out Salary Supplementation Practices in Cambodia" by:

a) implementing approved sectoral action plans

b) establishing Priority Mission Groups (PMGs), and PMG/Merit Based Pay Initiatives (PMG/MBPIs) in MOH, and at least one other ministry/agency

63. Salary supplementation practices are being phased out at sector level by introducing three mechanisms: the Special Operating Agencies (SOA), Priority Mission Group (PMG), and the Merit Based Pay Incentives (MBPI). The Ministry of Health now is preparing to launch MBPI implementation in January 2009, while other ministries (namely Ministry of Interior, Ministry of Public Works and Transport) are working with CAR on having MBPI introduced.

Action: Improve pay and employment conditions in the civil service by developing and implementing:

a) a medium term strategy and action plan to enhance remuneration; and

b) a redeployment policy and action plan

64. The core elements of a remuneration strategy are in place and being implemented such as an annual increase of 20% in the base salary; the continuation of functional allowance (management, education, health); the deployment of MBPI and PMG; modernization of the pension system; and the introduction of a health insurance. As a step towards developing a redeployment policy, a study on best practices has just been completed. Consultations on the results of the study are being carried out to explore technical assistance to assist in the drafting of the policy and putting place mechanisms to implement the redeployment policy. Yet the implementation of both remuneration strategy and redeployment policy will critically depend on the coherence of the various state institutions and the sustainability of fiscal resources.

Action: Design and implement an HRM policy and action plan to improve merit and performance management by introducing an HRM Guide and further developing the Human Resource Management Information System (HRMIS) for the Civil Service

65. A policy statement on Human Resource Management and an action plan was prepared and now is being circulated for discussion with development partners. Work is under way to complete the consultation, and seek approval of the policy and action plan implementation. A support project is in place to enhance the functioning of the HRMIS and improve database security.

Action: Enhance service delivery through developing a One Window Offices (OWOs) policy, legal framework and implementation plan, including establishment of at least 5 OWOs across Cambodia

66. A policy statement and Sub-Decree on One Window Office (OWOs) were discussed by the Council of Ministers. It was subsequently agreed to transfer responsibility for OWOs to the Ministry of Interior in support of the implementation of the D&D strategy. The Ministry has started deploying OWOs as an integral part of its strategy to bring the administration closer to the people. The concept of Special Operating Agencies introduced by RGC is aimed at improving the quality and delivery of public services. SOAs are being deployed to enhance performance and accountability in the delivery of public services.

TARGET 16: ESTABLISH A WELL FUNCTIONING, TRANSPARENT AND ACCOUNTABLE LEGAL AND JUDICIAL SYSTEM THAT PROTECTS INDIVIDUAL RIGHTS AS DEFINED IN THE CONSTITUTION

Action: LJRS Strategic Objective 2: Complete the drafting and approval of the remaining fundamental Laws (Penal Procedure Code, Penal Code, Civil Code, Law on the Statute of the Judges, Law on Court Organization and Functioning, Law on the Amendment of the Law on the Organization and Functioning of the Supreme Council of the Magistracy)

67. In 2007, progress was made to ensure the adoption and promulgation of the Criminal Procedure Code. The dissemination of the code and trainings in relation to it were undertaken to ensure effective implementation. The Civil Code and Civil Procedures Code were also completed and promulgated during this period. Issues remain of consistency between these codes and emerging legislations from other sectors. However there is confidence that these issues will be identified and dealt with in a satisfactory manner. These codes are being implemented.

68. The Criminal Code has taken some time to pass through the Council of Jurists and is now at the Inter-Ministerial Meeting. All technical matters in relation to the Code have been addressed and there is expectation that this code will move more quickly through the remaining process. Adoption of this law is vital for allowing a number of other related laws to proceed.

69. The Law on the Statute of Judges & Prosecutors, the Law on the Organization and Functioning of the Court and the amendment to the Law on the Supreme Council of Magistracy have all failed to significantly progress over the period. The amendment to the law on the SCM appears to have delayed due to differences between decision makers and there is need for it to be resolved. The delay in the passage of these laws is creating problems with the implementation of the judicial reform, particularly with the impending planning and implementation of the Model Courts and also the development of administrative processes for the courts.

Action: LJRS Strategic Objectives 2 & 7: Review and finalize guidelines for the legislative drafting process that draws on lessons from past experience. Guidelines should seek to inform externally mobilized TA, with an emphasis on building the capacity and ownership of the relevant Ministry's legal unit

70. After a long period where these guidelines failed to progress there has been recent efforts to have them completed. The TWG was given to understand that the guidelines would be completed by the Council of Jurists prior to the election and that their approval and adoption would occur soon after. There has been a long wait for these guidelines which are an important tool in ensuring consistency in the law drafting process. It is anticipated that the final approval of these guidelines will be one of the earlier orders of business for the new government.

Action: LJRS Strategic Objectives 7 & 4: Ongoing training and transparent selection of judicial professionals to improve the supply of judicial services and the functioning of the courts

71. The continued training of judicial professionals, particularly in light of the new legislation being implemented, has contributed to an improved understanding of the new procedures however it is still too early for comprehensive evidence of the training resulting in improved court function.

72. There are still some concerns surrounding the entry process, particularly with the low number of female judges being produced by the system. The move to creating a school for Notaries & Bailiffs is positive and should further increase the supply of judicial professionals as well as provide a venue for improved training on issues surrounding case management.

TARGET 17: COMBAT CORRUPTION

Action: Finalize and approve Anti-Corruption Law, based on best international practices

Action: Prepare an implementation plan to enforce and manage the implementation of the Anti-Corruption Law

Action: Disseminate information on reported cases on corruption and conviction on semi-annual basis

Action: Develop a clear policy framework on Access to Information

73. The draft Anti-Corruption Law will be finalized following the completion of the draft Penal Code. This was re-emphasized more recently in the Rectangular Strategy Phase II. The adoption of this sequential process is to ensure the consistency among various laws and effective implementation. An extract from the Rectangular Strategy address is included in the box overleaf.

TARGET 18: PREPARATION MADE FOR FULL IMPLEMENTATION OF THE RGC'S STRATEGIC FRAMEWORK FOR DECENTRALIZATION AND DECONCENTRATION (D&D) REFORMS

Action: Continue preparation and initiate broad stakeholder consultations on the organic laws on democratic development at sub-national level during Q4 of 2007

74. The “Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans,” was promulgated in May 2008. It provides a legal basis for both elected councils and “unified administration”, at Provincial and District levels, complementing the Law on the administration of the Commune/Sangkat, adopted in 2001. Also promulgated at the same time was the “Law on Elections of Phnom Penh Capital Council, Provincial Council, Municipal Council, District Council, & Khan Council,” which establishes that members of Provincial and District Councils will be indirectly elected on the basis of proportional representation from party lists.

75. Preparations for district and provincial council elections which must be held within 12 months, including the preparation of subsidiary regulations further defining council and administrative structures and procedures, are now under way.

76. The adoption of the Organic Law provides the basis for a process of reviewing and potentially reassigning to levels of sub-national government, a wider range of functional roles across government ministries and agencies. This process will likely be complex and difficult, since it will involve the reassignment of control over budget, personnel and assets, protracted, and can be expected to be protracted. To oversee this process, a National Committee for Sub-national Democratic Development will replace the present decentralization management body, the NCDD. The composition of the new body is expected to include representatives of a somewhat wider range of ministries than at present. The drafting of a law on sub-national finance is also reportedly in progress within the Ministry of Economy and Finance. Such a law will be necessary, if significant functions are to be transferred to sub-national councils.

77. Consistent and broad stakeholder engagement throughout the process of defining the subsidiary regulations and procedures necessary to the implementation of the Organic Law, and during the process of functional review, will be important.

An extract from the address by **Samdech Akka Moha Sena Padei Techo Hun Sen**
Prime Minister of the Kingdom of Cambodia
on **Rectangular Strategy** for Growth, Employment, Equity and Efficiency Phase II

Fighting corruption continues as a high priority for the Royal Government of the fourth legislature of the National Assembly. We are aware that the Anti-Corruption Law provides an important legal instrument to fight corruption effectively. In this context, the Royal Government strongly commits to prepare and push for the approval of this law by closely consulting with all relevant partners to speed up the adoption of this law by taking into account other basic laws to be adopted. This sequential process will ensure the consistency among different laws and effective implementation.

The Royal Government of the fourth legislature of the National Assembly will continue to implement numerous strategic measures to eliminate the roots of corruption through the interrelated mechanisms as follow:

- a) **Preventative Measures:** The Royal Government will undertake widespread dissemination on all aspects of corruption, its causes, nature, impacts and consequences to encourage the public to participate in preventing corruption. Realistic measures will be pursued to encourage all levels of government officials to adhere to dignity, morality, professionalism and responsibility in fulfilling their duties.
- b) **Strengthening accountability and institutional capacity:** The Royal Government focuses on the effective implementation in eliminating the conflict of interest among public servants by implementing the functional incompatibility principle, especially incompatibility between political position and public servant position, political position and public servant position with private activities. The Royal Government also eliminates the use of their roles, power, and intervention in such matters to obviate uncertainty or partiality in official decision-makings.
- c) **Public support and participation:** Support and participation from the public and the civil society are prerequisites to the effective prevention, reduction and fighting of corruption. At the same time, the Royal Government will protect the freedom to seek, receive and disseminate information on corrupt practices in the media. However, the information must be reliable and an individual's right, honor and dignity must be respected as well as safeguarding national security and public order.
- d) **Private sector participation:** The Royal Government will prepare policies and create the legal framework and procedures to protect the private sector in order to ensure fair competition amongst private firms by ensuring proper and honorable conduct in their occupation and strengthening balanced rights and interests in regard to contracts made between the state and private sectors.
- e) **Strengthening of law enforcement:** The Royal Government will adopt strict measures in order to eliminate an “impunity culture”, reduce corruption and to increase the public confidence in the government.

Action: National Programme design process and modalities developed, agreed, and resourced for implementation to begin in 2nd quarter of 2008

78. After some delay, contracting for a consultancy team to assist the NCDD National Program Design Team with the formulation of a National Program for Sub National Democratic Development has been completed, and work commenced in early September 2008. The design process is expected to take nine months. This will be followed a by joint donor appraisal and the development of new harmonized support modalities aligned with National Program priorities.

79. The timeframe is tight if a new multi-donor programme is to be designed, appraised and approved in time to begin in January 2010. The risks of donor project timelines undermining national ownership need to be carefully managed.

80. Success of the design will depend on a fully inclusive consultative process with government leadership and wide stakeholder consultations (line ministries, development partners, civil society). This consultative process needs to be given priority together with competing priorities such as the district and provincial elections in 2009, while also recognizing that ongoing donor project monitoring and reporting adds to the already heavy workload of the government.

Action: RGC and development partners design the principles of engagement in support of D&D reform in Cambodia

81. The principles of engagement will be developed as part of the National Program design process.

TARGET 19: A MORE CREDIBLE BUDGET AND MORE EFFECTIVE FINANCIAL ACCOUNTABILITY

Action: Sustaining actions already implemented and completing the remaining key actions necessary for Platform 1

82. Four areas are being undertaken with a view to ensuring the on-going sustainability of Platform 1 achievements. Good progress has been made in all these areas during Platform 1 work, but needs deepening and strengthening. There will be continued monitoring of Platform 1 achievements to ensure that they are sustained and enhanced. These areas are the followings:

83. **Further improve revenue policy and administration.** Revenue policy needs to be further strengthened. In this regards, more attention are being paid to medium term revenue policy including oil/gas/mining, continued improvement in customs, tax and non-tax revenue policy and administration, and strengthening macroeconomic and revenue forecasting. As a result, revenue mobilization policy which is a medium term policy including oil and gas has been prepared; and concretely, in 2007, revenue outturn was 22.5% above the targeted level in comparison with the approved budget of 2007 and domestic revenue was achieved 12 % of the GDP; and in 2008, it is likely estimated around 12 % of the GDP due to some reasons.

84. **Further improve debt management.** To improve debt management some activities have been continued such as reviewing institutional and legal framework and roles/responsibilities of debt management, developing and implementing debt management strategy, and enhancing use of debt databases. As a result, progress has been made in the following areas:

- Software of debt management has been installed in Department of Investment and Cooperation (DIC) and debt services payment entry is being carried out;
- DMFAS data has been validated against creditors 'statements';
- Monthly DMFAS reports on loan, on-lending loans and grants are being produced and sent to National Treasury, National Bank of Cambodia and Cash Management Unit;
- Training on debt analysis has been conducted for DIC's and relevant Departments' officials;
- A paper on debt management strategy and on legal and institutional arrangement for debt management has been prepared and discussed.

85. **Further improve cash and bank account management.** Cash and Bank account management has been further strengthened by focusing on consolidation of government bank accounts and strengthening Treasury Single Account, expanding the use of the banking system for government revenue and expenditure transactions, consolidation and improvement of cash plan and monitoring arrear and its ageing profile. It results in achieving good progress in the following areas:

- No more accumulation of new arrears occurs;
- Expenditure arrears (after one month from the date of payment orders received by National Treasury) have been totally eliminated (0%);
- Software to record age and arrears has been installed under computerized accounting system of the New Chart of Account implemented in 2007;
- Consolidation of Government Bank Accounts has continued; and a further 101 government accounts (except payroll accounts) have been closed;
- Salary payment through banking system to government officials has been implemented at central level and also expanded to provincial level and municipality in Phnom Penh, Siem

Reap and Sihanouk Ville. As of mid-2008, 3772 accounts of 26 ministries and institutions have been opened at ANZ;

- Cash Management Unit (CMU) has been set up within Ministry of economy and finance to monitor the budget execution and cash management;
- The CMU is being staffed and training has been provided;
- Cash forecast Model has been prepared;
- CMU has set up several spreadsheets which can be populated with both estimates and outturns for the whole of the government accounts;
- IMF has provided TA to assist CMU and National Treasury in harmonizing their Department Action Plans, strengthening treasury single account, and preparing pilot project for using commercial banks for revenue collection.

86. **Further improve public procurement.** Public Procurement process has been further improved through elevating its legal stature, implementing the new Procurement Sub-Decree and implementing Rules and Regulations, strengthening Procuring Agencies' capacity at national and sub-national levels, strengthening monitoring and evaluation capacity, increasing competitiveness and transparency in the procurement process, and clarifying line of accountability within the procurement process. Progress has been made in the following areas:

- Public Procurement has been de-concentrated to Line Ministries and relevant institutions to undertake procurement by themselves at a certain budget level;
- The procurement methodologies and procedures and procurement planning have been implemented and improved;
- Recruitment of consultant for Procurement website development is under process and TOR of consultant for draft procurement law has been prepared and submitted to WB for comment and NOL.

Action: preparing the consolidated action plan for implementation of Stage 2/Platform 2), including to make recommendations on the endorsement of EITI

87. The Consolidated Action Plan (CAP 2), the basic document of PFMRP Stage 2/Platform 2, has been drafted and will be very soon finalized for publication. During its preparation process various comments, particularly from development partners, were widely sought and seriously considered to ensure that CAP 2 is complete and comprehensive for achieving "Financial Accountability". In addition, to implement activities and objectives set out in CAP 2 two more detailed action plans are very needed namely Department Action Plans and Ministry Action Plan. The first one has been prepared and regularly updated; however, the second is under preparation by the Line Ministries with assistance from PFM Steering committee Secretariat; its first draft is expected to appear by the end of October 2008.

88. All of these plans are interdependent and closely linked; and they are dynamic and subject to change from time to time when needed and required. They will be all published by December 2008.

Action: continue monitoring impact through the agreed PFM Performance Indicators

89. As with Platform 2/Stage 2 the Royal Government of Cambodia will regularly monitor progress against a set of indicators. Monitoring is proposed at three levels:

- Level 1 – Departments will report the achievement of outputs and target set out in the CAP 2 to the Reform Committee on a quarterly basis and there will be a full annual review of performance against all targets for that year.
- Level 2 – There will be continued monitoring on a quarterly basis of key targets in relation to Platform 1 to ensure that the achievements during Stage 1 are at least maintained and improved upon where possible.
- Level 3 – There will be a bi-annual review of progress against a smaller sub-set of Platform 2 indicators that are regarded as critical to achieving the overall objectives of Platform 2. The purpose of this monitoring will be to step back and give an overall impression of the underlying progress towards Platform 2 objectives.

TARGET 20: ADOPT LAWS AND SUB-DECREES AND RELEVANT LEGAL DOCUMENTS, AND IMPLEMENT PLANS AGAINST ALL FORMS OF VIOLENCE AND EXPLOITATION AGAINST WOMEN AND CHILDREN, ACCORDING TO INTERNATIONAL STANDARDS

Action: Sub-decree on the administrative decision on domestic violence adopted

90. The sub-decree has been drafted by the Ministry of Interior and now is submitted for adoption by the government.

Action: Law on suppression of human trafficking and sexual exploitation adopted, and in compliance with the UN Protocol on trafficking and UN convention on transnational organized crime, and the Cambodian draft penal code

91. The Law on Anti Trafficking, in compliance with the UN Palermo Protocol was passed in 2007. In addition, a guideline has been developed to support the implementation of this Law. Yet challenges remain on implementation. Constraints around implementation are complex. Although Guidelines for the implementation of the law have been developed, no comprehensive implementation plan for the Law is in place. Moreover, there is significant discord among development partners regarding this Law. Currently, the urgent shift of focus of legal work toward the issue of "marriage to foreigners" has represented another competing priority.

Action: National Action plan to combat violence against women implemented. The specific target for 2007 is to establish a working group in MoI/DOLA for training materials on the Sub-decree.

92. The National Action plan has been prepared and now is under discussion at the Council for Ministers. Although a working group has not been formally established, training has been conducted including advocacy and awareness campaigns and training of judicial officials and police officers.

Action: Policy and legislation on migration reviewed. Specific targets for 2007 include: Adopt comprehensive Strategy Paper on Migration that links Migration with Trafficking, Smuggling and the Labor Law Reform and closes existing legal gaps to enhance legal protection of migrants

An initial review was conducted on migration issues. Yet the absence of a comprehensive policy/strategy on migration and the limited capacity within the Ministry of Women's Affairs on the issues has been a challenge. Once migration policy is formulated, work on the migration law can be started.