

Cambodia Country
Study Report

SUMMARY

Phase Two
Evaluation of the
Paris Declaration

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Submitted to:

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ACRONYMS AND ABBREVIATIONS

AAA	Accra Agenda for Action
ADB	Asian Development Bank
AER	Aid Effectiveness Report
CAR	Council for Administrative Reform
CCC	Cooperation Committee for Cambodia
CDC	Council for the Development of Cambodia
CDCF	Cambodia Development Cooperation Forum
CG	Consultative Group
CMDG	Cambodian Millennium Development Goals
CPA	Country Programmable Aid
CPIA	Country Policy and Institutional Assessment
CRDB/CDC	Cambodian Rehabilitation and Development Board / Council for the Development of Cambodia
CSO	Civil Society Organisation
D&D	Decentralisation and De-concentration
DAC	Development Assistance Committee
DP	Development Partners
EU	European Union
GAVI	Global Alliance for Vaccines and Immunisation
GDCC	Government-Development Partner Coordination Committee
GDP	Gross Domestic Product
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GNI	Gross National Income
GPs	Government Partners
H-A-R	Harmonization, Alignment and Results
HDI	Human Development Index (UNDP)
HHI	Hirschmann-Herfindahl Index
HSSP	Health Sector Support Programme
JMI	Joint Monitoring Indicators
LDC	Least Developed Countries
MA	Mine Action
MDG	Millennium Development Goals
MDSP	Multi-Donor Support Programme
MEF	Ministry of Economy and Finance
MfDR	Managing for Development Results
MoEYS	Ministry of Education, Youth and Sports
MOH	Ministry of Health
MOI	Ministry of Interior
MoP	Ministry of Planning
MoWA	Ministry of Women's Affairs
MRD	Ministry of Rural Development
MYIFF	Multi-Year Indicative Financing Framework
NGO	Non-Governmental Organization
NRM&L	Natural Resource Management and Livelihoods
NSDP	National Strategic Development Plan

ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PBAs	Programme-Based Approaches
PD	Paris Declaration
PSDD	Project to Support Democratic Development through Decentralisation and De-concentration
PEFA	Public Expenditure Financial Accountability
PFM	Public Financial Management
PFMRP	Public Financial Management Reform Programme
PIU	Project Implementation Unit
RGC	Royal Government of Cambodia
SOP	Standard Operating Procedure
SWiM	Sector-Wide Management
TC	Technical Cooperation
TSSLP	Tonle Sap Sustainable Livelihoods Project
TWG	Technical Working Group
UN	United Nations
WB	World Bank
WHO	World Health Organization

EXECUTIVE SUMMARY

Background

This Phase 2 Evaluation of the Paris Declaration - Cambodia Country Study - was conducted by a team of evaluators selected following an international competitive process. The integrated international and Cambodian team worked under the direction of the National Evaluation Coordinator and Secretary General of the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC). The Evaluation Work Plan was prepared in January, 2010 and approved in February, 2010 in accordance with the Cambodia Country Evaluation Terms of Reference. This evaluation report is consistent with those terms of reference but also made every effort to integrate subsequent guidance issued by the Core Team for the Phase Two Evaluation of the Paris Declaration.

Evaluation Methodology

The Phase Two Evaluation of the Paris Declaration was summative and focused on the intended and unintended development outcomes, including poverty reduction, associated with implementation of Paris Declaration commitments. The three core evaluation questions were as follows:

- Q1: “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The Paris Declaration in context)
- Q2: “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process outcomes)
- Q3: “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

These questions set out the cause and effect logic chain from the Paris Declaration in context, to the evolving aid architecture and delivery processes, and through to the achievement of development outcomes. A Diffusion/Contribution Model was developed for this evaluation to guide data collection and analysis along that logic chain. The evaluation methodology designed to operationalise the Diffusion/Contribution Model used seven lines of evidence: 1) document/literature review; 2) sample of 10 development investments from the health and rural development sectors; 3) nine sample project group discussions involving 108 participants; 4) four Paris Declaration implementation tracer studies including 39 participants; 5) two online surveys, one specifically for the targeted sectors and one for the general development stakeholders answered by 70 respondents out of 215 surveyed (32% response rate); 6) 2006-2008 PD Monitoring Survey for Cambodia; and, 7) attendance at the second of three CSO dialogue meetings including 35 CSOs, 22 development partners and 4 government representatives.

Drawing on the seven lines of evidence and the 278 people consulted, the evaluation carried out a content analysis of the associated data sets. Each of the 5 team members was responsible for specific lines of evidence and for compiling data and writing sections of the report. Key points were reviewed and sources triangulated to ensure that findings and conclusions were not drawn from only one uncorroborated source but rather reflected the findings of several lines of evidence. In writing the report, the evaluation team looked at *contributions* towards development outcomes rather than trying to focus on finding evidence of attribution. The team also tried to ensure that findings, conclusions and recommendations were viewed through the lens of the local context in Cambodia.

Evaluation Findings

The Paris Declaration in Context (Findings 2 – 10)

Cambodia's participation in OECD/DAC-sponsored aid effectiveness work dates back to 1998 and continues to the present day as a member of the Working Party on Aid Effectiveness. Prior to the Paris Declaration there were development policies and a variety of reform efforts to improve aid effectiveness which have since been strengthened partly due to the influence of the Paris Declaration. Examples such as the National Strategic Development Plan, Government Development Partner Coordination Committee, Technical Working Groups, and Cambodia Development Cooperation Forum have provided the guidance and opportunities for all stakeholders to engage in a consensus building process to address development issues. While this has helped strengthen Cambodian leadership capacity and ownership of the development process at the national level, weak human resource and institutional capacities of line Ministries, along with a lack of transparency in governance practices continues to hamper the pace of development. All stakeholders have deepened their engagement to the Paris Declaration principles however development partners **are** often caught between working responsively with the government and responding to the priorities of their head offices. While the Paris Declaration and Accra Agenda for Action can be attributed with the increased inclusion of CSOs in the aid effectiveness process, the same cannot be said for their influence on non-ODA cash flows which are increasingly important sources of revenue that contribute significantly to Cambodia's development. In the Cambodia context, the Paris Declaration has served less as a catalyst for change but more over as a reinforcing influence for advancing aid effectiveness reforms, albeit with uneven success.

Process outcomes (Findings 11 – 21)

The implementation of public sector reforms designed to enhance the enabling environment for development in Cambodia has proven to be challenging. The government is making serious efforts to improve accountability to parliamentarians and citizens. Inclusive and transparent development planning and aid coordination is well advanced. However, establishing monitoring systems, routine data collection and reporting on development outcomes at the national, sectoral and sub-national levels will require additional capacity building. Accountability relations with development partners have remained asymmetric as they continue to exercise considerable control at the local level to ensure coherence with their development policies and compliance with their accountability procedures, disbursement targets, and results reporting requirements all of which tend to drive the partnerships and the selected aid delivery modalities. There is also a general reluctance to use programme-based approaches, country systems and local implementation structures due to the slow pace of public sector reforms which has contributed to a high degree of fragmentation in aid delivery. Although accepted as necessary in the medium term, the use of technical cooperation to build human, institutional and system-wide capacity at all levels has been suboptimal, subject to debate and competing interests. Further efforts by both the government and its development partners to exert more effective ownership and management of technical cooperation resources will be key to the successful and timely implementation of public sector reforms.

Development Outcomes (Findings 1, 22-28)

The Paris Declaration has had substantial value in building of both formal and informal networks through the participation of all stakeholders in aid coordination mechanisms which are now an important and sustainable part of the aid architecture. These platforms for engagement have been used to carry out advocacy, education and collaboration on best practices in development, e.g., pro poor strategies and gender mainstreaming which has fostered greater buy-in from key line ministries, development partners and civil society organisations. At the same time, social capital has been positively

influenced at all levels from the national through to the project level, but progress has been understandably incremental and uneven especially among line Ministries. While results-based approaches have begun to enter the development lexicon, systems and working practices have not yet matured to the level where they are routinely incorporated into macro, sector and project-level work. The government has initiated concerted efforts to implement sector wide management and sector wide programme approaches for the benefit of both the health and rural development sectors which pre-date or were contiguous with the advent of the Paris Declaration. At the development investment level it does not appear that the Paris Declaration has had much influence on the majority of development partners. The large proportion of discrete projects, particularly free-standing technical cooperation, with small budget allocations undoubtedly places a heavy administrative burden on government partners and funding recipients, including civil society organisations. The evaluation's assessment of the implementation of the Paris Declaration principles on a sample of 10 development (project) investments indicates that the development results are more relevant and significant when all the principles are applied in the context of a multi-donor programme-based approach. Some projects in the sample generated significant poverty reduction outcomes using pro poor programming strategies that have made sustainable improvements in the lives of the targeted communities and vulnerable populations. The evaluation however found no evidence that development policy-makers, project implementers or community representatives associated the adoption of pro poor strategies, including the achievement of gender equality results for women and girls to the Paris Declaration or the Accra Agenda for Action.

Unintended Consequences and Lessons Learned

Several unintended consequences were identified that focussed on the perception that the Paris Declaration is a linear western approach which is not best suited to evaluating progress in Cambodia. In addition, three lessons learned which reinforce the above point indicate that: 1) learning needs to be based or rooted in past experience; 2) local facilitative leadership and ownership needs to evolve and be strengthened; and, 3) to succeed, capacity development needs to be system wide, integrated and holistic rather than piecemeal.

General Conclusions

The general conclusions presented below were derived from the evaluation report findings. Conclusions with regard to gender equality have been mainstreamed as appropriate.

The Paris Declaration Principles (General Conclusions 1-6)

The evaluation concludes that the Paris Declaration has been **relevant** in Cambodia where it has helped strengthen national systems and core public service reforms especially in the capital assisted by some programme based approaches and the application of joint monitoring indicators. With respect to **Ownership**, it has helped increase leadership capacity and ownership by the government and also assisted in some systemic strengthening in sectors but overall, projects, which are the main development partner modality, have not fostered local ownership. **Alignment** has only been partially successful since, although there has been an attempt by development partners to align their investments to Cambodia's development policy framework, few bilateral development partners have raised their fiduciary risk tolerance to use existing country systems. **Harmonization** has shown progress through some programme-based approaches in the target health and rural development sectors but the strong pressure for development partners to retain direct accountability has meant that there continues to be a high degree of aid fragmentation. **Managing for results** has not yet been institutionalized in Cambodia and the Paris Declaration has not had much influence in this regard. Finally, the Paris Declaration has also not been an important factor influencing **mutual accountability** at the investment level although there has been increased consultation and progress against targets at the national level.

Paris Declaration Effectiveness and the Aid Dialogue (General Conclusions 7-10)

With respect to **conflicts and trade-offs** among PD principles, the evaluation concludes that achieving country ownership is dependent on two main factors, the country's institutional and human capacity and the willingness of development partners to strengthen capacity where it's needed, i.e. to foster country ownership. With respect to the **contribution to aid effectiveness, results and sustainability**, the Paris Declaration has unquestionably had a positive influence particularly in terms of the development policy framework, aid coordination mechanisms, and sector wide management approaches which are significant and sustainable outcomes. With respect to the **burden of aid management**, the evaluation concludes that while the Paris Declaration has had a positive effect on the predictability of multi-year financing it has not influenced the still predominant use of the project delivery modality with its associated costs; Cambodian personnel and development partners all report increased time and effort. Finally, the evaluation concludes that there is **value added from the Paris Declaration** which has created the rationale and framework for enhanced dialogue on aid effectiveness that has added value to development strategies, aid coordination and reforms to support better aligned and harmonised aid delivery.

Key Messages for Stakeholders (General Conclusions 11 and 12)

The key messages for national stakeholders starts with the **government** needing to continue to assert leadership in implementing PD principles and developing country systems and capacity at the national, sub-national and commune levels as well as involving civil society organisations and the private sector. The key message for **civil society organisations** is to increase their involvement and participation in national networks while at the same time involving their grass roots as much as possible. The message for other national stakeholders such as the **private sector** is simply to get involved. With respect to **development partners**, the key message is to place more emphasis on working together using sector wide management approaches, multi-donor programme-based approaches with pooled funding mechanisms and shared accountability for achievement of development results. The key message to **emerging donors and global funds** is that they need to become more integrated into the aid architecture and take part in the aid coordination mechanisms, joint efforts to monitor and assess the implementation of the Paris Declaration and the achievement of development results so that their efforts can be aligned with those of national stakeholders and harmonised with other development partners.

The Future (General Conclusion 13)

In the new reality, there is increased opportunity for Cambodia to engage with non-traditional and "emerging donors" through funding which includes the private sector and global fund support. The key for future success appears to be a wide range of stakeholders working together using integrated approaches that are consistent with Paris Declaration principles and address the new challenges and opportunities.

Recommendations

The following recommendations relate to the common and country-specific questions. They are addressed to: the Paris Declaration Secretariat, to all development partners, and to each of the three key stakeholder groups. They have a twofold purpose:

- First, to underline what should continue to be done and what should be built upon; and
- Second, to describe what each stakeholder group needs to clarify, improve and strengthen so that the Paris Declaration principles can continue to provide an ongoing framework to achieve improved aid effectiveness up to, and beyond, the end of 2010.

Recommendation #1 to the Paris Declaration Secretariat: That the principle of ownership be strengthened, as the enabling condition and driver for the implementation of the remaining principles and commitments, given its dependency on existing capacity to exercise it and the willingness of donors to support capacity development efforts.

Recommendation #2 to the Paris Declaration Secretariat: That gender equality principles and mainstreaming be fully integrated into future iterations of the Paris Declaration since it is widely recognised to have beneficial effects on aid effectiveness and the achievement of development results.

Recommendation #3 to all Partners: That all the partners in Cambodia sustain their efforts to improve aid effectiveness by strengthening partnerships at all levels and increasingly focusing on the investment level by optimising the value of aid coordination mechanisms, i.e., Technical Working Groups as a forum for ensuring adherence with the PD principles and commitments.

Recommendation #4 to the Royal Government of Cambodia: That the National Capacity Development Strategy advocate the increased use of multi-donor pooled funding for free-standing technical cooperation at the national and sub-national or sector levels to strengthen the public management systems of the central government, line Ministries and their institutions.

Recommendation #5 to Development Partners: That development partners support the Royal Government of Cambodia with free-standing technical cooperation basket funding at the national and sub-national or sector level to support capacity development of country systems.

Recommendation #6 to Civil Society Organisations: That civil society organisations continue to develop their capacity as implementing organisations, take greater advantage of the opportunities to participate in aid coordination mechanisms, monitor their commitments, and improve the availability of information on CSO development activities and results.