

A SWOT Analysis of Development Cooperation & Partnerships in Cambodia

**Development Cooperation and Partnerships Strategy (2014-2018)
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**Cambodian Rehabilitation and Development Board (CRDB)
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This paper is the first in a series of Background Papers that will elaborate issues and themes to be included in the forthcoming Development Cooperation and Partnerships Strategy (2014-2018). The SWOT analysis contained here summarizes available evidence and is intended to stimulate discussion and feedback as well as to guide follow-up consultations with stakeholders.

Promoting Development Effectiveness in Cambodia
SWOT Analysis and Questionnaire Development
November 2012

I. Introduction

In 2013, CRDB/CDC will prepare the Royal Government's Development Cooperation and Partnerships Strategy for 2014-2018. The over-arching objective of this Strategy is the promotion of development effectiveness. Succeeding and replacing the 2006-2010 Strategic Framework for Development Cooperation Management (SFDCM), this revised Strategy will identify objectives and goals for managing development cooperation and partnerships as well as setting out approaches to implementation and monitoring of development cooperation activities.

A SWOT analysis represents the first step in preparing the Strategy. By considering the evidence of implementing the SFDCM and the Paris Declaration, the strengths, weaknesses, opportunities and threats associated with the development partnership can identify and establish sound foundations for the new Strategy as well as inform priorities for the period 2014-2018. Consultations based on the SWOT will ensure that the Strategy is relevant and responsive to the needs of stakeholders so that Strategy goals can be set and then achieved.

This SWOT analysis was initially prepared by CRDB/CDC staff during a retreat in November 2012. It is intended to be refined during dialogue with national and international partners and stakeholders so that it represents a concise yet comprehensive summary overview of the status of the development partnership in Cambodia. Its objective is to structure the main findings of the various reviews undertaken in recent years and to identify likely changes in the environment that will affect the functioning and effectiveness of Cambodia's development partnerships.

The process of preparing the SWOT is intended to use the available evidence base to stimulate the identification of innovative ideas and practical policy responses in order to move all stakeholders towards a consensus on the required actions to address key development challenges. Key issues and questions can be identified to produce a questionnaire to inform the subsequent interview and consultation stage of the Strategy's preparation.

An analysis is provided in the sections below while the full SWOT matrix is attached at Annex One. The paper concludes with the identification of a set of key questions for stakeholders that can be used to guide the consultation phase of Strategy development (Annex Two).

II. Main findings of the SWOT analysis

In each of the four SWOT categories, the analysis is presented at two levels: (a) wider context; and (b) development partnerships. This is intended to ensure both a macro- and micro- analysis that enables important contextual and substantive issues to be addressed in the Strategy. As the Development Cooperation and Partnerships Strategy is developed in parallel to the new NSDP, the approach to "development effectiveness" will therefore be relevant to the broader development effort and will directly contribute to continued socio-economic progress in Cambodia.

(a) Strengths & weaknesses

The greatest Strengths relate to the demonstrated track record of socio-economic development over the last decade or more and the foundation that this provides for catalyzing wider partnerships for development. Cambodia is located in a dynamic region that offers opportunities for partnering and learning on a wide range of development issues. National policy frameworks – including the forthcoming NSDP – will recognize this and seek to advantageously position Cambodia in the region. Combined with the on-going reform programmes, this means that the Development Cooperation and Partnerships Strategy can link to and build on these policies and partnerships that are already in place. This will mean, however, that the development

effectiveness agenda needs to be understood and embraced beyond CDC while the Government's reform programmes need to become more closely linked to promote effective institutions. A results-based approach must also be associated with a monitoring framework that governs development relationships as well as being linked to the attainment of national development goals.

Significant strengths

- Partnerships
- Commitment & leadership
- Capacity foundations
- Policy expertise

Important weaknesses

- Results monitoring frameworks
- Policy coherency
- Implementation failure
- Dialogue mechanisms

Mechanisms for dialogue at all levels must therefore be reviewed and revised to ensure that they can accommodate the requirements of this “development effectiveness” approach that emphasizes results, capacities and partnerships. Dialogue within and between different multi-stakeholder groups needs to become better coordinated and perhaps complemented by traditional bilateral approaches of both a formal and informal nature in order to promote and secure greater policy coherency and more robust implementation of sector and reform programmes.

The lessons associated with the implementation of the Paris Declaration in Cambodia have been well documented but need to be better applied. Knowledge products have been produced and disseminated but sectors now need to articulate their own objectives that apply the development effectiveness approach in a manner that is relevant to their needs. Existing TWG Network arrangements, combining CDC expertise with sector experience, are useful for sharing general policy lessons and approaches (for example on results-based management and programme-based approaches) but must be complemented by efforts at sector level. High levels of commitment shown by Government, development partners and civil society institutions therefore needs to be mobilised and applied to complete the ‘unfinished business’ of the Paris Declaration as well as to build broader partnerships and to secure improved development results. All actors – Government, development partners, civil society representatives and other partners – therefore need to consider their own capacities and working practices in order to ensure that partnership-based approaches can realize their full potential in promoting national development.

(b) Opportunities & threats

Taking a more dynamic perspective and looking ahead into the medium-term, there are a number of Opportunities – but also Threats – that need to be anticipated and prepared for. Both the global and national context are broadly favorable with regional integration, opportunities for greater trade and development partnerships, as well as the Busan agreement, all providing momentum for establishing and utilizing partnerships for development more effectively. The new NSDP, which will be linked to the socio-economic platform of the next government mandate, provides both the assurance of commitment as well as the framework in which to locate the development effectiveness effort. Conversely, the economic downturn that is placing pressure on ODA provision, competing uses for development finance (such as interest in Myanmar and commitment to global parallel funds in areas such as climate change), as well as Cambodia's own prospective graduation to middle-income status, may result in support from some sources declining in the medium-term. Cambodia will therefore need to secure and maximize alternative funding sources as well as concentrate on the mobilisation of domestic revenues to finance its national development effort.

More specifically, and with regard to the management for the development partnership, the focus perhaps needs to be placed on broadening partnerships: with the full range of countries providing assistance to Cambodia; with the foreign and domestic private sector; and with civil society. In the latter case, the proposed consultations with NGOs provide a positive example of

how one part of civil society can be engaged, including through the application of the Istanbul Principles that NGOs agreed globally in September 2010.

To take full advantage of the potential offered by the diversity of development partners and finance in Cambodia it will be necessary to review and revise the partnering and dialogue arrangements to ensure that they remain an effective, relevant and sufficiently inclusive forum for promoting national development. This may help to reconcile the need to promote broad-based and inclusive partnerships with the requirement to keep dialogue arrangements efficient and effective.

Finally, it is necessary to understand and cater for the different motivations and management practices amongst diverse partners and funding sources. The motivation and incentive of all partners to collaborate and implement programmes cohesively must be considered and understood so that common ground can be established for setting and monitoring results in the context of the development effectiveness approach.

Strategic opportunities

- Global & regional frameworks
- Reforms support capacities
- Commitment to results focus
- Review partnering arrangements

Potential threats

- Competing interests/reduced ODA
- Motivation & incentives
- Parallel partnering arrangements
- Managing change

III. Key issues for further discussion

In summary, Cambodia is well-positioned both in the region and globally to continue its development trajectory that has consolidated stability and brought prosperity to the Cambodian people. The foundations that have been meticulously established over the past decade or more provide the basis for strengthening and leveraging on the full range of Cambodia's development partners and their respective comparative advantages. Continued commitment and actions are anticipated to further develop systems and capacities as well as to seize opportunities to establish and strengthen partnerships. There are also a number of real risks, however, and these must be addressed at the levels of policy, partnership and implementation in order to mitigate this risk and ensure that all actors are attentive to and mindful of potential factors that can undermine the overall objective of delivering effective and sustained development progress.

Based on this SWOT analysis (Annex One) and the main findings presented above, a set of topics can be identified to guide consultation with stakeholders from government, civil society, the private sector and the development partner community (Annex Two). The SWOT analysis indicates the following main areas for further consultation as an important step in the production of the Development Cooperation and Partnerships Strategy:

- (a) Main areas of institutional interest in - and commitment to - promoting development effectiveness;
- (b) Key lessons from working in multi-stakeholder partnerships in Cambodia and priorities to be addressed in implementation of the new Strategy;
- (c) The manner in which ODA can catalyze and complement the contributions of non-Government, non-ODA development actors; and
- (d) The wider capacities and systems that are required together with feasible approaches for collaborative capacity development.

The next stage in the production of the Development Cooperation and Partnerships Strategy will therefore include the validation of this SWOT analysis together with focused dialogue with a wide range of development actors. This will ensure that this analysis can be further developed and the views of stakeholders taken into account during the preparation of the Strategy.

SWOT Analysis of Development Cooperation & Partnerships in Cambodia

STRENGTHS	WEAKNESSES
<p><u>Wider context</u></p> <ul style="list-style-type: none"> • Commitment to stability, growth and national development (RS-II, NSDP, CMDG, public sector reforms) • Reform programmes establish basis for systems use (laws, SOPs), especially on PFM • Diversity of partnerships established with regional and global development actors • Engagement in global dialogue (Busan, Paris, Accra) consistent with national context <p><u>Development Cooperation & Partnerships</u></p> <ul style="list-style-type: none"> • Knowledge - significant global and national learning/evidence from the Paris Declaration experience • Commitment - engagement in development effectiveness agenda by RGC, DPs & CSOs yields results (improved alignment, JMIs, ODA data) • Policy expertise - CRDB has a small but expert pool of capacity and credibility to provide policy guidance and to lead dialogue • Foundation for development effectiveness – PBA& JMI work are catalysts for further DE initiatives (leading sector examples including education, health)Capacity - TWG Network facilitates dissemination, learning, review& monitoring of progress • Partnership - existing dialogue structure useful for information sharing as a hub-spoke system (limited dialogue however) • Datatransparency - Cambodia ODA Database supports planning and coordination 	<p><u>Wider context</u></p> <ul style="list-style-type: none"> • NSDP monitoring framework does not provide link to sector and project level results frameworks • Reforms overwhelm the capacity of RGC resulting in incoherent and inconsistent application of policy • Development effectiveness perceived as a CDC agenda with insufficient linkages to wider reform agenda • Dialogue with full range of development actors is not sufficiently coherent to inform policy-making or M&E <p><u>Development Cooperation & Partnerships</u></p> <ul style="list-style-type: none"> • Clarity of objective – sector strategies may not explicitly address issues of partnership and development effectiveness, resulting in a lack of guidance • Policy coherency – cross-sectoral issues and actions requiring multi-actor approaches struggle to advance due to difficulty of coordinated responses • Implementation failure – key lessons have not been implemented (use of country systems, TC, aid on budget). [Country systems study identifies RGC & DP inertia]. • Conflicting interests, incentives & agenda overload – for RGC & DPs, fiduciary risk and focus on delivery undermines longer-term investments in capacity & systems • Capacity – required for <u>both</u> RGC & DPs to apply new approaches to system strengthening, collaborative capacity & reform, joint M&E systems at sector level • Dialogue – different expectations in objectives of dialogue structure results in under-performance & frustration impeding trust and partnership required for effectiveness
OPPORTUNITIES	THREATS
<p><u>Wider context</u></p> <ul style="list-style-type: none"> • New NSDP and socio-economic platform to set out priorities, partnership and M&E arrangements • Global framework (Busan) provides basis for working with increased range of partners (domestic and external) • Global monitoring (Busan) will provide incentives, benchmarks and an institutionalized M&E framework • Global interest in priority issues (e.g. climate change) provides a basis for enhanced partnering and resourcing • Regional integration provides opportunities to establish and strengthen existing South-South and regional partnerships <p><u>Development Cooperation & Partnerships</u></p> <ul style="list-style-type: none"> • Applying lessons - strong evidence base can be applied to promote effective policy response • Foundations of capacity established-can be applied for use in promoting increased use of results frameworks, capacity of national systems etc • Reforms - PFM reform offers opportunity to put aid into budget process (D/PM prioritizes at GDCC-19 Sept 2012) [ODA Database can be adapted for budget & results work] • NGO dialogue - consultations forthcoming to promote partnership & impact (in line with Istanbul Principles) • Results focus - interest and commitment in developing results frameworks to guide resource allocation and M&E • Improving dialogue – review current arrangements. Promote (under-utilized) bilateral consultations that are proven to be productive opportunity for detailed discussion 	<p><u>Wider context</u></p> <ul style="list-style-type: none"> • Competing global interests/agendas may reduce net ODA flow to Cambodia • Global commitment to Busan principles may not be sufficiently robust to drive DP efforts at national level • Regional integration may place pressures on nascent capacities and systems <p><u>Development Cooperation & Partnerships</u></p> <ul style="list-style-type: none"> • Motivation – Incentives – financial and non-monetary – for both RGC & DPs may limit motivation and appetite for change or risk • Diverse development financing – some development actors may work outside of established structures making their contributions difficult to coordinate & monitor • Commitment gap - slow implementation of PBAs, strained dialogue at sector level and weak joint resolve promotes a permissiveness for uncoordinated and ad hoc sector investments • Managing change – “aid effectiveness to development effectiveness” requires new attitudes and behaviours to old partners and more open arrangements to embrace new partners

Guideline questionnaire for consultations with key stakeholders

This SWOT analysis allows a set of questions to be identified to guide consultation with stakeholders from government, civil society, the private sector and the development partner community. A pool of 25 issues/questions has been produced from which interviews will then be commissioned in early 2013 with major stakeholders. Each interview is to be open-ended, lasting a maximum of 90 minutes and based on only those parts of this questionnaire that are relevant to the experience and expertise of the respective interviewee.

The following issues/questions will therefore be adapted on a case-by-case basis and applied selectively. The main areas for further consultation and discussion are:

1. Main areas of institutional interest in - and commitment to - promoting development effectiveness

- General understanding of the concept of “development effectiveness” in practice
- Corporate interest in national and global (Busan) agenda
- Applied/contextualized priorities (based on areas of work)
- Competencies, capacities – and challenges - to support development effectiveness

2. Key lessons from working in multi-stakeholder partnerships in Cambodia and priorities to be addressed in implementation of the new Strategy

- Understanding of the role and effectiveness of opportunities for partnership dialogue
- Suggestions for broader / improved / results-focused partnership dialogue arrangements
- Experience in utilizing approaches such as PBAs, major reform programmes, JMIs
- Opportunities and mechanisms for engaging with new actors and partners

3. The manner in which ODA can catalyze and complement the contributions of non-Government, non-ODA development actors

- Nature of existing partnerships beyond the Government-donor format
- Perception of what it means for ODA to be a “catalyst” for development
- Priorities (planned or otherwise) for broadening partnership
- Current practices or future options for working with private sector & South-South actors

4. The wider capacities and systems that are required together with feasible approaches for collaborative capacity development

- Experience in developing own capacity and that of others
- Non-technical issues in promoting change and performance (e.g. relationships, incentives)
- Potential for more collaborative approaches to capacity and systems development
- Efforts to make the results agenda operational (tools, processes) and future priorities

5. What are the main issues and actions that are of highest importance to the promotion of effective development in Cambodia?