Coordinated Intervention on behalf of the Donor Community for the 2004 CG

Donor statement on **Decentralization and Deconcentration** (D&D), to be presented by the German Government.

Excellency, Ladies and Gentlemen,

Decentralization and Deconcentration, as an approach to encourage good governance and grass root democracy is gaining increasing attention and support within Royal Government of Cambodia (RGC) and the donor community. The Rectangular Strategy recognizes the importance and relevance of D&D for improving, public service delivery and achieving the overall development goals of Cambodia.

It is in this regard that we are very supportive of the efforts of the Royal Government of Cambodia and the progress achieved in recent years, in particular:

- In 2002 the commune councils were elected and installed in every Province. This important example of local democracy has now been functioning for over two years. This new democratic institution has needed strengthening and the donor community has been able to support the development of Commune Councils in areas such as training, facilitation, planning and implementation.
- The Commune/Sangkat Fund (CSF) now receives part of the national budget to finance local affairs.

More recent developments which have indicated that the new government is accelerating the rate of reform for Decentralization is indicated by:

- The official approval for public release by the NCSC (National Committee to Support the Communes) of the full report of the First Commune Councils Review. We are impressed by the realistic approach in dealing with progress, challenges and recommendations.
- We have been informed that the Prime Minister has agreed with the elaboration of a strategic framework for D&D which could be supported by the donor community as well as having instructed the MoI with drafting the organic laws on sub-national government.

Excellency, Ladies and Gentlemen,

While praising the government for the progress made so far, we also observe that the reform agenda for decentralization and deconcentration is far from finished and that there are some areas where further action is needed. The reforms mentioned above will have to address the low levels of participation, transparency and accountability at a provincial level before service delivery can become more effective. Some progress has been made in specific sectors at a district level and the District Integration Workshops (DIW) provides a forum for programming projects, but the prioritizing of a number of line ministries remains weak.

Commune Councils still require considerable strengthening. The CSF needs to receive greater levels of funding from the national budget and there is the need for tighter accountability systems, particularly at the level of the Provincial Treasury. The piloting of commercial bank accounts Commune Councils should be urgently carried out. Planning and budgeting at a sub national level needs revision and procedures simplified.

We urge that the following actions and reforms are prioritized during 2005 to allow the RGC to lead the agenda on D&D reform and enable the donors to align their support in the most effective and streamlined manner:

1. to further continue and accelerate attention and efforts to the fiscal part of decentralization, namely to draft the legal framework on own revenues for the communes as stipulated by the commune law, as there is for the time being a legal vacuum, which is not conducive for strengthening of a culture of a rule of law and accountability;

2. part of the implementing the D&D strategy is the drafting of organic laws on the Management of Provinces & Districts, Municipalities and the Capital. The drafting must be preceded by sufficient internal discussion within government and between stakeholders to clarify the underlying policies and guiding principles;

3. to ensure that the above process is handled in an efficient and effective way, we are very strongly recommending that from the part of government there is one entry point to co-ordinate policy and that the donor community be informed about the lead authority in this area of reform.

With the above short suggestions we wish the Royal Government of Cambodia success with the further progress of Decentralization and Deconcentration. On behalf of the donor community I would like to assure the Royal Government of our continued support in promoting democratic local government.