Donor Statement on "Salary Supplements" in Cambodia
CG Meeting
6-7 December 2004

Ministry of Foreign Affairs of Denmark (Danida), Ministry of Foreign Affairs of Finland (Finida), Development Cooperation Ireland, Netherlands Ministry of Foreign Affairs, Norwegian Agency for Development Cooperation (Norad), Swedish International Development Cooperation Agency (Sida), Department for International Development of the United Kingdom (Dfid), World Bank, Agence Francaise de Développement (AfD) and Federal Ministry for Economic Cooperation and Development/Germany (BMZ).

Statement

We have agreed that salary supplements contradict DAC principles for good development cooperation and are detrimental for sustainable development of Cambodia.

We are unanimous in our desire to see donors phase out distortionary, ad hoc salary supplements and to put in place best practice alternatives for supporting Government-led development programmes.

We believe that this is a problem shared between all donors and the solution also requires broad co-operation. It will take a combination of real commitment to change and a realistic roadmap for moving to best practice.

We are committed to promoting, supporting and participating in dialogue with our partners in Cambodia to identify a common approach to ensuring the fulfilment of the DAC principles for good development cooperation.

We will press for this process to lead to Government and donors to be able to adopt guidelines for better practice in the future by the time of the December 2005 Consultative Group meeting.

In order to align and harmonize our cooperation, we have jointly agreed to provide support to the Royal Government of Cambodia's civil service and salary reform efforts through sector-wide approaches and other support to the Government system.

We are committed to leading by example, and will, as current programmes and phases are ended ensure that discretionary salary supplements are phased out or replaced by Government-led approaches to pay reform.