

**STATEMENT**

**by His Excellency MR. SAR KHENG, Deputy Prime Minister, Co-Minister of Interior**

**On “Democratic Development Through Decentralization and Deconcentration”**

**For the 8<sup>th</sup> Consultative Group Meeting of Government- Donors**

***Phnom Penh, 2-3 March 2006***

- Excellencies, Ladies and Gentlemen representing ministries and institutions of the Royal Government
- Excellencies, Ladies and Gentlemen representing donor community

Today, I have the honor to make a statement on behalf of the Inter-Ministerial Committee and the Ministry of Interior at the 8<sup>th</sup> Consultative Group Meeting of Government-Donors.

Government-donor cooperation, understanding and consultation are fundamental for the success and effectiveness of numerous governmental projects and programs. However, government-donor partnerships will be especially important for the formulation and implementation of sub-national democratic development through decentralization and deconcentration.

In June 2005 the Royal Government of Cambodia adopted the Strategic Framework on Decentralization and Deconcentration. This major policy document proposes the restructuring and reformation of all the current levels of sub-national administration.

In terms of the Strategic Framework, the Royal Government is committed to create and establish a sub-national governance system that is based on participatory democratic principles, including representation, public participation, responsiveness, accountability and transparency. This governance system will also promote local development and delivers public services that are focused on meeting the needs of the people and the alleviation of poverty in each area.

It is also the intention of the Royal Government to ensure that these fundamental changes to our current governmental structures and systems are introduced in accordance with two main guidelines.

**First:** the changes to our structures and systems are introduced in a planned, rational, consultative and transparent manner, with minimal disturbance to the essential business of government. In this respect, the business of government includes the current and on going funding, support and participation by donors and NGOs.

**Second:** it is to ensure that there is proper compatibility between these changes to our structures and systems, and other related government programs and strategies, including the National Strategic Development Plan, the Rectangular Strategy with particular reference to Administrative Reform, and the Fiscal Reform processes.

In this occasion, I wish to refer briefly to three major components of the restructuring and reformation process as follow:

**1- Organic Laws:** The restructuring and reformation of present levels of sub-national administration will be supported and guided by Organic Laws that are presently being conceptualized and fleshed out in accordance with the basic concepts of the Strategic Framework document.

Appropriate consultations on the drafts will be held with the Technical Working Group for D&D and other stakeholders. The Inter-Ministerial Committee (IMC) will settle the content of the draft Laws for submission to the National Assembly and Senate later this year.

**2- Independent Study:** the independent study on options and approaches for appropriate and focused donor funding and support, will be undertaken against the wider background, intentions and needs of the Strategic Framework for Decentralization and Deconcentration, and the policy of sub-national democratic development.

The study will also recommend appropriate fiscal procedures and mechanisms to ensure continuity, transparency, monitoring and accountability to safeguard and ensure sustainable donor funding. The initial findings of the independent study will be available at the end of March and appropriate consultations on the findings will also be held with the Technical Working Group for D&D and other stakeholders. Obviously, the study is impacted by the substance of the Organic Laws, and by the phasing and content of the implementation of these Laws.

### **3- Proposed Preliminary and Provisional Implementation Strategy**

In view of the duration, impact and complexity of D&D, there is an essential need for an early implementation strategy that indicates and identifies the basic choices and broad time frames for priorities, phasing and implementation of national and sub-national changes. This will form the foundation for more detailed strategies and programs.

All strategies, processes and support mechanisms (including donor support) for the implementation should be sustainable, and should accommodate a high degree of flexibility and adaptability. These matters are of common and crucial importance for the government and donors alike.

In order to start this process, a preliminary and provisional implementation strategy will be available from the end of March, and appropriate consultations on the drafts will be held with various governmental and non-governmental stakeholders - obviously including the Technical Working Group for D&D as a major stakeholder. All of these drafts are, of course, subject to the ultimate decision of the National Assembly and Senate regarding the Organic Laws.

As regards the implementation strategy, it is not my intention today to pre-determine or prescribe any arrangements for the timing or proper implementation of our proposals for sub-national restructuring and reformation. These matters are under analysis and preparation by the Ministry of Interior and the IMC Task Force.

However, it may well be appropriate today for me to refer briefly to what seems to be emerging at this very early stage, and perhaps for all of us to start thinking in terms of four main phases for implementation. These four phases are:

- o the Preparatory Phase;
- o the Initial Phase;
- o the Transition Phase; and
- o the Transformation Phase.

Assuming that the Organic Laws will be adopted by the of 2006, I would like to clarify the time-lines for these phases as follow:

#### **First Phase: Preparatory Phase**

This phase is broadly from now until the National Assembly and the Senate adopt the Organic Laws. Matters that should be dealt with during this Preparatory Phase have substantially been set out in the relevant Joint Monitoring Indicators (JMIs) and in the latest

discussions, documents and Terms of Reference of the Technical Working Group for Decentralization and Deconcentration (TWGD&D).

### **Second Phase: Initial Phase**

This phase will start immediately after the adoption of the Organic Laws. This phase is likely to require three years starting 2007 through 2009.

During this phase, it will be necessary to prepare and put into place at national, provincial, district and commune levels, those basic structures, procedures and systems that are essential to underpin and guide later phases of the implementation process.

In outline, these basic structures, procedures and systems comprise the new commune, district and provincial authorities, including the national election of commune/sangkat councils early in 2007; and the indirect election of district and provincial councils as soon as feasible, but probably in successive stages during 2008 and 2009.

It will also be fundamental to establish an Implementation Authority with appropriate capacity and resources that can oversee and ensure that the Organic Laws and the policy of democratic development are implemented appropriately. In this respect, we must be careful to ensure and maintain a balance between the need for such an Implementation Authority, and the responsibilities of individual Ministries of the Royal Government. The responsibilities of the Implementation Authority should include:

- further systematic and proper development and implementation of the principles and concepts of the Organic Laws through appropriate strategies and programs; and
- compliance with the guidelines of continuity, coordination and compatibility.

This initial implementation phase should be subject to regular evaluation, review, appraisal and adaptation to special circumstances.

### **Third Phase: Transition Phase**

This phase should start in 2009 and continue progressively as and when particular levels, or geographic areas, of governance satisfactorily complete the second or initial implementation phase.

This crucial third or transition phase should see a substantial rearrangement of basic and essential national and sub-national functions, systems, finance, personnel, structures and policy. In other words, this third or transition phase will implement the core of the transition from the present to the proposed sub-national arrangements and democratic development. This transition is likely to require three years and take the process into the year 2012.

This phase should also be subject to regular evaluation, review, appraisal and adaptation to special circumstances.

### **Fourth Phase: Transformation**

The fourth phase is the transformation phase during which the groundwork and experience of the first three phases can be developed, supported and continue to sustain meaningful sub-national democratic development. Therefore, there is no end date for this phase.

In short, while each these phases are each conceptually distinct, there will inevitably be overlapping and concurrence between successive phases either geographically, as between provinces, or functionally, as between levels of administration.

Therefore we should perhaps emphasize again that throughout these phases, there must be objective, unambiguous, regulated, and transparent processes that meet the requirements for reformation, and maintain both administrative and fiscal stability for the benefit of both the government and donors.

I have no doubt that we all have the firm intention and resolve to meet these common purposes and objectives, and I look forward with great optimism to even greater constructive cooperation and mutual support between us as we move into the future.

I would like to thank you, Excellencies, Ladies and Gentlemen, for paying attention to listening to my comments at this important meeting and I would like to wish you good health and success.

**Thank you**