

**8th Consultative Group Meeting for Cambodia
Phnom Penh, Cambodia, 2-3 March 2006**

Session IV: Increasing Aid Effectiveness

Mr. Chhieng Yanara

Secretary General, Cambodian Rehabilitation and Development Board
Council for the Development of Cambodia
Royal Government of Cambodia

- Your Highnesses, Excellencies
- Distinguished Delegates of the **Donor Community**
- Ladies and Gentlemen

1. It is an honor and a pleasure for me to make a brief presentation on issues concerning aid effectiveness in Cambodia. My presentation consists of two parts. First, I would like to present a very brief overview of the progress that we have made over the last year. Second, I would like to share with you our understanding of the challenges that we face to improve the effectiveness of our development cooperation programs and projects. I will also outline the Royal Government's priorities to move forward on enhancing Official Development Assistance — ODA — effectiveness.

2. In the year 2005, we have made significant progress in a number of key areas by working closely with in-country representatives of our development cooperation partners, as well as in the international arena by actively participating in the work of the OECD/DAC Working Party on Aid Effectiveness.

3. *In the international arena*, the Second High Level Forum (HLF) meeting was held on 28 February - 2 March 2005 in Paris, and the Paris Declaration on Aid Effectiveness was issued at the close of this Forum. Since the Paris HLF, as a partner country we have participated in the work of the OECD/DAC Working Party on Aid Effectiveness in finalizing indicators and developing a framework for monitoring progress on the implementation of the Paris Declaration. In September 2005, the Working Party established a Joint Venture on Monitoring Paris Declaration that, for the first time, will be co-chaired by one partner country and one development partner. This Joint Venture has been tasked to prepare two progress reports on the implementation of the Paris Declaration's commitments before the Third High Level Forum that is scheduled to be held in Ghana in 2008. Preparatory work on the first progress report has started. *Cambodia* is one of the six partner countries where the field testing of the survey instruments for this monitoring round is being carried out. The field testing in Cambodia is scheduled to be held on 20-24 March. The survey itself will start in May and will be completed in September. It will provide an overview

of how the Paris Declaration is being implemented in Cambodia's context to improve aid effectiveness.

4. *Within the country*, we have made significant progress in a number of areas over the last year.

- i. We have put in place a new government-donors coordination mechanism that has enabled the Royal Government together with our development cooperation partners to monitor progress, on a quarterly basis, on the implementation of ODA supported activities as well as monitor progress in achieving the targets of the joint monitoring indicators agreed at the last CG meeting.
- ii. We have made significant progress in implementing RGC's Action Plan on Harmonization and Alignment.
- iii. We have prepared and adopted RGC's Strategic Framework for Development Cooperation Management.
- iv. We have prepared and adopted the National Operational Guidelines for grant assistance and the Standard Operating Procedures for loan assistance.
- v. We have developed and operationalized CDC/CRDB ODA Disbursements website that is now being used to collect data from our development cooperation partners on their ODA disbursements in 2004 and 2005, and to make available this information to the general public.
- vi. We have also taken concrete actions to strengthen the capacity of senior officials in ministries and agencies to take real ownership of development cooperation activities.

6. The new coordination mechanism that includes the 18 sector or thematic joint Technical Working Groups (TWGs) and the high level Government-Donors Coordination Committee (GDCC) that has been in operation last year represents a fundamental change in the institutional set up for planning, managing and monitoring progress on the implementation of development assistance to improve ODA effectiveness. The year 2005, has been a year of learning-by-doing for both government ministries as well as our development cooperation partners. This new mechanism has enabled the Royal Government to develop a better understanding of the nature and scope of constraints that are hampering the achievement of its national development and reforms programs. At the same time, the Royal Government has also recognized that the operational modalities that have evolved in this phase of learning-by-doing -- in the case of some TWGs -- have placed undue burden on both the concerned ministries and development partners participating in these areas. There is now a need to streamline the operation of the TWGs. The Secretariat of the GDCC at CDC will be carrying out a review of the TWG's operations which be used to establish guidelines for their operations. I would like to emphasize, however, that ensuring that this mechanism contributes to improving the

process of ODA mobilization, allocation and utilization leading to improved aid effectiveness is a very high priority of the Government.

6. We have also prepared RGC's Updated Action on Harmonization, Alignment and Results to reflect the 5 commitment principles of the Paris Declaration. This Updated Action Plan was prepared in close consultations with ministries/agencies and development partners in a series of workshop and was approved by Samdech Prime Minister on 14 February 2006. On our part, the Royal Government institutions will continue to work with our development cooperation partners in a spirit of mutual accountability that is a basic principle of the Paris Declaration.

7. In 2005, the Royal Government's Strategic Framework for Development Cooperation Management was prepared through an extensive consultative process both within government and with development partners. It was approved by the Council of Ministers on 27 January 2006. This Strategic Framework outlines RGC's policy framework on institutional and operational issues related to development cooperation management. It presents information on:

- i. the role and responsibilities of the RGC's focal point for resource mobilization and aid coordination functions within the Royal Government;
- ii. the current situation and recent initiatives of the Royal Government and the international community to strengthen development cooperation;
- iii. the objective and basic principles that shall guide the management of development cooperation programs; and
- iv. outlines a national program to implement RGC's development cooperation management strategy.

8. A national Program to implement this framework has been developed. The core concept underlying this Program is to enhance Government capacity to take ownership and assume leadership of development cooperation management processes and management of ODA to achieve targeted development results. On behalf of the Royal Government, I would like to thank UNDP and JICA for their support to implement this Strategic Framework through the program. I would also like to thank DFID that has indicated its commitment to support the program and we encourage other development partners to consider supporting this program.

9. Since the last CG meeting, with support from UNDP the Royal Government has also completed work on the preparation of the National Operational Guidelines for grant assistance and Standard Operating Procedures for loan assistance in collaboration with the ADB and the World Bank. The Royal Government urges development partners to make use of the National operational Guidelines for grant assistance and the Standard Operating Procedures for loan assistance in planning and management of their development assistance programs and projects. These

documents provide further elaboration of the principles and policies outlined in RGC's Strategic Framework for Development Cooperation Management. The guidelines have been formulated based on the principles embodied in the OECD/DAC "Good Practice Papers", and incorporate best practices in the planning and implementation of development cooperation programs in Cambodia. The use of these guidelines as a common reference document on policies, operational procedures, and institutional responsibilities by national and international development partners will not only significantly improve aid effectiveness but will also reduce administrative burden on implementing government ministries and agencies.

10. I would now like to share with you our perceptions of the challenges that we face to improve aid effectiveness and to present to you the priorities from our perspective. As you know, the Rome Declaration on Harmonization (2003) and the Paris Declaration on Aid Effectiveness (2005) have placed an emphasis on national ownership of the development processes by ODA recipient countries. The Royal Government is committed to take full ownership not only of its development processes but is also determined to ensure that ODA resources are effectively targeted and utilized to meet the high priority development needs of Cambodia for the benefit of the Cambodian people to reduce poverty and to achieve Cambodia's Millennium Development Goals.

11. The challenge for our multilateral, international development cooperation partners of Cambodia, and NGOs is to quickly translate these commitments made in the international arena into concrete operational actions to change their practices to provide room to the Royal Government to assume ownership of its development management processes in an environment of cooperation, mutual trust, and mutual accountability to improve ODA effectiveness in order to maximize its benefits for the people of Cambodia.

12. There is now an urgent need to leave behind the practices of the 1990s, which have been characterized as a period of "donorship" when development cooperation activities were planned, managed and delivered by development partners with limited ownership of development choices and management process by concerned Cambodian institutions. The challenge for the Royal Government is to continue to put in place management systems and institutional mechanisms that are transparent and accountable to enhance aid effectiveness. The Royal Government remains committed to implementing its public financial management and public administration reform programs and to combat corruption.

13. At the GDCC meeting in December, I had reported the findings on progress made in implementing the RGC's Action Plan on Harmonization and Alignment. The analysis had revealed that while significant progress had been made on those

activities that required Government action -- there had been only limited progress in areas where the development partners were to take specific actions. Also, another study on harmonization and aid coordination in Cambodia commissioned by DFID concluded that both within the Government and among development partners there is not yet a full understanding of the internationally agreed commitments made in the Rome and Paris Declarations.

14. The Royal Government is determined to build partnerships with all development partners, based on principles of cooperation, mutual trust, and mutual accountability. The Royal Government recognizes that it needs to strengthen the awareness of the Rome and Paris Declarations among officials of the ministries and agencies and has taken concrete steps in 2005. The Royal Government would also like to see an equal commitment and political will among our development partners to work towards meeting their commitments of the Rome and Paris Declarations. In 2006, the Royal Government would like both our national and international development cooperation partners to give special attention to:

- i. Place a special emphasis on ensuring Government ownership of ODA supported programs and projects in an environment of mutual accountability.
- ii. Ensure that the principles outlined in the RGC's Strategic Framework for Development Cooperation Management and the principles, guidelines and procedures laid out in Royal Government's National Operational Guidelines for grant assistance and the Standard Operating Procedures for loan assistance are followed.
- iii. Shift current emphasis on processes to substance in the work of the TWGs. It will require participation of donor personnel who have substantive/high level technical expertise in the sector/thematic areas of the TWGs. The Royal Government strongly discourages the use of donor personnel in the work of the TWGs who lack substantive technical expertise. The Royal Government encourages that development partners select among themselves an area or areas that is/are of primary importance to each partner who should be made responsible for placing on the ground the highest level of expertise in the sector/thematic.
- iv. Reduce the number of long-term TA's by placing an emphasis on quality and ensuring that short-term TA is demand driven. The Royal Government believes that the presence of high level technical expertise in the country offices of development partners who are actively involved in the work of the TWGs would significantly reduce the need for short-term TA.
- v. Focus on improving the efficiency of TWG operations, the Chair and the Lead Donor Facilitator(s) need to ensure that each TWG meeting has a purpose and a defined output. To reduce burden of numerous meetings on ministries and agencies as well as donor staff, the Royal Government

suggests that development partners limit their participation to TWGs where they are a funding partner and to more sharply focus their support to a few priority areas within their country assistance strategies.

- vi. Carry out a review to examine whether or not the TWGs as they are currently structured are appropriate to meet the current and emerging needs as well as develop broad guidelines for the operations of the TWGs with a view to minimize burden both on ministries and agencies, and the development partners participating in the TWGs.
- vii. Actively promote sector, thematic, and other program-based approaches in the TWG forum to reduce the excessive number of stand alone projects. The adoption of this approach will not only promote a greater alignment of development cooperation activities with Cambodia's development priorities, but more importantly, such an approach would also lead to a greater harmonization of development partners practices and reducing the administrative burden on the limited capacities of implementing ministries/agencies.
- viii. Reduce the number of studies carried out by individual development partners on similar topics by establishing a procedure to review proposals on any planned studies among development partners and with the concerned ministry/agency.
- ix. Demonstrate a will and commitment to apply the concept of "managing for results" to modify existing practices in line with the principles embodied in the Rome and Paris Declarations. Take actions necessary to ensure that the TWGs have the capacity to implement RGC's Action Plan on Harmonization, Alignment and Results that has been jointly agreed between the RGC and development partners. Development partners need to expedite action on:
 - Delegating authority from donors' headquarters to country offices to empower the country offices to work on harmonization and alignment issues with other in-country donors and with the Government in the country context.
 - Increase joint programming through "delegated cooperation".
 - Reduce individual donor missions and increase joint missions by coordinating planned missions through the TWG mechanism to reduce costs and burden on ministries and agencies.

**8th CG MEETING
2-3 MARCH 2006**

**SESSION IV: INCREASING AID
EFFECTIVENESS**

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Royal Government of Cambodia**

Progress in the international arena

- Paris HLF and Paris Declaration
- Cambodia's participation in OECD/DAC Working Party on Aid Effectiveness : indicators & framework for monitoring the implementation of Paris Declaration.
- Joint Venture on Monitoring Paris Declaration and Preparatory work for first progress report:
 - Cambodia is one of six partner countries for field testing
 - Field testing to be held on 27-31 March 2006
 - Survey starts in May 2006

- Progress over the last year
- Challenges and Priorities for ODA effectiveness

Progress within the country: Overview

- I Progress in implementing RGC's Action
- II. Plan on Harmonization and Alignment
- III. Strategic Framework for Development Cooperation Management was adopted by RGC
- IV. National Operational Guidelines and Standard Operating Procedures
- V. Operationalization of CDC/CRDB ODA disbursement website
- VI. Capacity strengthening of government senior officials to take real ownership of development cooperation activities

A new government-donor coordination mechanism is operational...

- 18 sector/thematic TWGs and GDCC

Fundamental change in the institutional set up for planning, managing and monitoring progress on the implementation of development assistance to improve ODA effectiveness

- 2005: Year of learning-by-doing
 - Better understanding of nature and scope of constraints hampering achievement of national development and reforms programs
 - Operational modalities of some TWGs have placed undue burden on both concerned ministries and development partners participating in these areas
 - Secretariat of GDCC at CDC will carry out a review of TWG's operations

Royal Government's Strategic Framework for Development Cooperation Management

- **Was Prepared and approved by COM on 27 January 2006**

- Policy framework
- Objective and basic principles that shall guide the management of development cooperation programs and projects

- **National Program to Implement this Framework**

- enhance Government capacity to take ownership and assume leadership of development cooperation management processes and management
- Support from UNDP, JICA
- Commitment from DFID

RGC's Action Plan on Harmonization and Alignment Was Updated...

- RGC's Updated Action on Harmonization, Alignment and Results: 5 commitment principles of the Paris Declaration
- Prepared through consultation process with Ministries/agencies and development partners
- Approved by Samdech Prime Minister on 14 February 2006
- Spirit of mutual accountability

National Operational Guidelines and Standard Operating Procedures Were Completed...

- Development partners made use of NOG and SOP in planning and management of programs/projects
- Further elaboration of RGC's Strategic Framework for Development Cooperation Management
- based on principles in OECD/DAC "Good Practices Papers" and lessons learned in Cambodia
- Guidelines as common reference to improve aid effectiveness and reduce burdens on government ministries/agencies

Challenges

- Paris Declaration: Ownership
- Government Challenges : Improve management systems and institutional mechanisms to be transparent and accountable to enhance aid effectiveness
- Development Partners challenges : translate commitments to actions
- An urgent need to leave behind practices of the 1990s, characterized as a period of "Donorship"

2006 Priorities

- Government ownership in an environment of mutual accountability
- Principles outlined in Strategic Framework for Development Cooperation Management and National Operational Guidelines and Standard Operating Procedures are followed
- Shift current emphasis on processes to substance in the work of the TWGs: participation of donor personnel who have substantive/high level technical expertise in the sector/thematic areas of the TWGs

Challenges... con't

- Action Plan on H&A : significant progress on activities that required Government action -- there had been only limited progress in areas where the development partners were to take specific actions
- DFID Study on harmonization and aid coordination in Cambodia : understanding of the agreed commitments made at HLFs?

2006 Priorities con't

- Provision of qualified long term TA
- Short-term TA is demand driven
- Improve the efficiency of TWG operations:
 - TWG meeting has a purpose and a defined output.
 - To reduce burden, development partners limit their participation to TWGs where they are a funding partner and to more sharply focus their support to priority areas within their country assistance strategies
- Review the structure and operation of the TWGs. with a view to minimize burden both on ministries and agencies
- Promote sector, thematic, and other program-based approaches

2006 Priorities con't

- Reduce the number of studies carried out by individual development partners on similar topics
- Demonstrate a will and commitment and apply the concept of “managing for results”:
 - Delegating authority from donors' headquarters to country offices to empower them to work on harmonization and alignment issues with other in-country donors and with the Government in the country context
 - Increase joint programming through “delegated cooperation”
 - Reduce individual donor missions and increase joint missions by

Thank you