



Kingdom of Cambodia

Nation Religion King

ជាតិ ព្រះមហាក្សត្រ

Royal Government of Cambodia



**STRATEGIC FRAMEWORK
FOR
DEVELOPMENT COOPERATION MANAGEMENT**

January 206



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**STRATEGIC FRAMEWORK
FOR
DEVELOPMENT COOPERATION MANAGEMENT**

January 2016

FOREWORD

This Strategic Framework for Development Cooperation Management is a policy document of the Royal Government of Cambodia. It reaffirms the role and responsibilities of line ministries and agencies for external resources mobilization and aid coordination functions in accordance with existing Laws and Regulations of the Kingdom of Cambodia. It also outlines the objectives and principles that shall guide the management of development cooperation programs and a national program to implement RGC's development cooperation management strategy.

The Royal Government encourages development partners to work through the Royal Government's designated focal point for ODA resource mobilization and coordination, **the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC)** to improve aid effectiveness.

The Strategic Framework was adopted by the Royal Government at a cabinet meeting held on 27 January 2006. The Royal Government places a high priority on all parties conforming to and complying with the policies outlined in this document that embody the principles of the Rome and Paris Declarations on aid effectiveness.

Phnom Penh, 30 January 2006



KEAT CHHON, MP

Senior Minister, Minister of Economy and Finance
First Vice-Chairman, Council for the Development of Cambodia
Chairman, Government-Donors Coordination Committee

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RGC'S STRATEGIC FRAMEWORK FOR DEVELOPMENT COOPERATION MANAGEMENT

I. INTRODUCTION

1. This document reaffirms Royal Government of Cambodia's ownership and leadership of the development cooperation management processes. It outlines the strategic 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.

2. The Royal Government of Cambodia (RGC) recognizes that effective and efficient utilization of official development assistance (ODA) is critical to achieve Rectangular Strategy's goals, and the priorities of the National Strategic Development Plan to reduce poverty, attain Cambodia's Millennium Development Goals (CMDGs), and to improve aid effectiveness to maximize its benefit for the people of Cambodia. The enhancement of aid effectiveness to reduce poverty and to maximize its benefits for the people of Cambodia remains a very high priority of the RGC.

3. The Royal Government is aware of the many challenges it faces to achieve its development goals. Although significant progress has been made, much remains to be done to improve aid effectiveness by both the ministries and agencies implementing the development programs and projects; as well as our development partners who need to harmonize their practices and procedures to minimize burden on the limited capacities of implementing ministries and agencies, and ensure a greater transparency in the utilization of resources that are reported to have been disbursed to Cambodia. The RGC is gratified by the support of its external development partners (bilateral and multilateral agencies and NGOs) and hopes that they will continue to provide their support to enable Cambodia to achieve its goal of reducing poverty among its people. On average, over the last three years, around US\$ 500 million per year have been reported by the external development partners to have been disbursed to Cambodia. In recent years, however, there has been a significant shift in the composition of this assistance in terms of loans and grants. The loans component of official development assistance (ODA) has increased from 16.8 percent of total ODA in 1999 to 34.5 percent of total ODA in 2002, 30.9 percent in 2003, and 34.3 percent in 2004. The increase in the loans portion of ODA has implications for future national budgets because of the resulting increase in the size of the national debt and related debt service charges.

II. ROYAL GOVERNMENT'S FOCAL POINT FOR RESOURCE MOBILIZATION AND AID COORDINATION

4. The Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) is the focal point within the Royal Government for the mobilization of Official Development Assistance (ODA), for coordination of ODA with all development partners (multilateral and bilateral development partners and NGOs), and for coordination with and between Royal Government ministries and agencies on ODA allocation and utilization issues.

5. The Council for the Development of Cambodia (CDC) consisting of two operational bodies: the Cambodia Rehabilitation and Development Board (CRDB) and the Cambodia Investment Board (CIB) was established to implement Royal Decree No. 03/NS 94 promulgated on 5 August 1994. The composition, role, functions and responsibilities of CDC including CRDB and CIB were outlined in detail in Sub-Decree No. #147 ANK.BK dated 29 December 2005. The role and responsibilities of CRDB/CDC are outlined in Articles 13, 14, 15 and 16 of the Sub-Decree #147 ANK.BK dated 29 December 2005 (Annex I).

6. As per the provisions in Article 13 of the Sub-Decree #147 ANK.BK dated 29 December 2005 on matters concerning public investment, the CRDB/CDC is:

- i. to serve as the “ Focal Point “ and the “One-Stop Service” of the Royal Government for donor countries, international organizations and NGOs, as well as the “Focal Point” and “One-Stop Service” for ministries and other government institutions in the coordination of external aid allocation and utilization;
- ii. to sign pursuant to the delegation of authority of the Prime Minister and on behalf of the Royal Government, any legal agreements with bilateral and/or multilateral development partners and international organizations pertaining to acceptance and allocation of external development assistance;
- iii. to lead preparatory work, in cooperation with relevant ministries and institutions, for international conferences on resource mobilization such as the “Consultative Group Meeting for Cambodia “.

7. As per provisions of Article 14 in the Sub-Decree #147 ANK.BK, the role and responsibilities for public investment management of the CRDB/CDC, Ministry of Foreign affairs, the Ministry of Planning, Ministry of Economy and Finance, and the line ministries are as follows:

- i. CDC shall be the coordinating body for setting strategic conceptual frameworks and public investment policies as well as setting up priorities for public investment projects for medium-term and for one year.
- ii. the Ministry of Foreign Affairs and International Cooperation shall be the diplomatic window.
- iii. the Ministry of Planning shall prepare and monitor 5-Year Plans and the public investment programs, in cooperation with the relevant ministries and institutions.
- iv. the Ministry of Economy and Finance shall prepare the macroeconomic framework for the medium-term and budget for implementing annual public investment programs and control the allocation of financing.

- v. the line ministries shall prepare sectoral public investment projects and programs in cooperation with the Ministry of Planning and CDC, and is responsible respectively for implementation of their relevant projects and programs.

8. As per provisions of Articles 15 and 16 of Sub-Decree #147 ANK.BK, the ministries and institutions shall undertake and implement their functions with regards to public sector investments in coordination and through the “One-Stop Service” mechanism; and the Office of the Council of Ministers, ministries and institutions shall monitor the implementation of programs and/or projects within their respective responsibilities and in coordination with the “One-Stop Service” mechanism.

9. In the case of development programs whose implementation is to be financed through loans from bilateral and multilateral development partners:

- i. the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia shall be responsible for ensuring that the planned development programs are aligned with Cambodia's development priorities;
- ii. the Ministry of Economy and Finance shall review the program proposals to determine if they fall into priority categories to be financed from loans, approve the terms and conditions of the loans, and examine the implications of the repayment schedule of the loans in the framework of the total debt of the Royal Government as well as implications for the annual national Budget. The Ministry of Economy and Finance shall be the designated RGC signatory for all loan agreements as well as the depository of all loan documents. It shall ensure that the recurrent cost implications of all development programs are fully considered before signing on to proposals. It shall also maintain up-to-date information on loan disbursements and take prompt action to minimize costs under penalty provisions, if any, in the loan agreements.
- iii. The Royal Government ministries and agencies responsible for managing the implementation of the development programs financed through loans shall ensure that the development programs are implemented with full transparency and accountability to maximize the benefits for the people of Cambodia.

10. The Royal Government is aware of the capacity constraints both in CRDB/CDC and the line ministries and agencies to carry out their aid coordination and aid management functions. The Royal Government urges all development partners to give a high priority to supporting the development of capacity of all government institutions to enable them to take charge of efficiently managing their aid coordination and aid management functions in order to improve aid effectiveness.

11. The Royal Government is also aware that while the roles and responsibilities of institutions have been laid out in Royal decrees and Sub-Decrees, the current practices of some government institutions and some development partners do not adhere to the provisions of the existing rules and regulations. The current practice of some development partners to enter into agreements with individual government ministries and agencies without any prior coordination through the Royal Government’s designated focal point for aid coordination, the Cambodian Rehabilitation and Development Board at the Council for the

Development of Cambodia, is a serious problem that hampers Royal Government's efforts to efficiently manage its aid coordination functions. The Royal Government places a high priority on all parties conforming to and complying with the provisions of existing laws, rules and regulations.

12. To further strengthen the capacity of the CRDB/CDC and the ministries and agencies, the Royal Government shall expedite the process to provide CRDB/CDC with its own full time staff complement and budget resources. A merit based pay initiative (MBPI) will be implemented to support the capacity development of CRDB/CDC. Each ministry and agency of the Royal Government shall establish a focal point for aid coordination that shall be responsible for ensuring effective and timely coordination with the CRDB/CDC.

III. CURRENT SITUATION AND RECENT INITIATIVES TO STRENGTHEN DEVELOPMENT COOPERATION

13. In recent years, aid coordination and management has undergone a number of changes in response to an increasing flow of external assistance, to an increasing mix and number of foreign and national players in development, and to a more complex, cross-sector and multi-disciplinary development agenda. The Royal Government of Cambodia (RGC) has set up management systems and institutional mechanisms to support aid coordination and management through the Council for the Development of Cambodia.

14. In spite of major improvements, the current situation is such that a significant proportion of ODA still bypasses the National Budget process because of the practice of direct funding by development partner agencies to project implementers. This situation has resulted in inadequate Government ownership of many projects; in "piece-meal" efforts and insufficient coordination by development partner agencies on sector issues and institution building; in a proliferation of different procurement, disbursement, auditing, and progress monitoring procedures among agencies; and in the formation of development partner-supported project management units staffed either by expatriates or by nationals with "topped up" salaries, which have adversely impacted on Government's institution building efforts.

15. To respond to these concerns the Royal Government of Cambodia presented its overall vision for a *New Development Cooperation Partnership Paradigm for Cambodia* to improve ODA effectiveness at the 4th Consultative Group Meeting held in Paris in May 2000. It was discussed, accepted in principle and supported by all development partner representatives present at that meeting. This strategic vision was offered as ideas on the nature, structure and implementation options for building partnerships to support the achievement of Cambodia's national development goals through more collaborative arrangements. The Royal Government has been working hard in collaboration with its development partners to achieve this vision.

16. An important principle of the new paradigm is to build development cooperation partnerships based on a common vision, shared objectives, mutual trust, mutual accountability, and mutual transparency. The Royal Government's proposal, presented to development partners in late 2003, to restructure the ad hoc working groups under the CG

mechanism (composed primarily of development partner representatives that evolved since 1999) was a step in this direction. This restructuring was agreed to with the development partners and endorsed by the Prime Minister at the Pre-CG Meeting held on 10 September 2004. There are now, 18 sector/thematic joint (Government-Donor) Technical Working Groups. These TWGs are chaired by a senior Royal Government official to enhance Government ownership and on the development partners side are represented by lead donor coordinator(s)/facilitator(s). Also, a high level Government Donors Coordination Committee (GDCC) has been established to coordinate these TWGs and to provide policy guidance, to set priorities, and to resolve problems/issues raised by the TWGs. The Prime Minister has appointed the Sr. Minister, Minister of Economy and Finance and the First Vice-Chairman of CDC to be the Chairman of GDCC and the Secretary General of the Cambodian Rehabilitation and Development Board (CRDB) at CDC as the Secretary General of GDCC. The membership of GDCC includes ministers and head of government agencies, ambassadors or heads of diplomatic missions, and country representatives of multilateral institutions. The GDCC meets on a quarterly basis. Also, a Secretariat to assist the GDCC has been established at the Cambodian Rehabilitation and Development Board (CRDB) at CDC.

17. The restructuring of the Working Groups and the creation of the GDCC represents a fundamental change in the institutional set up for planning, managing and monitoring progress on the implementation of development cooperation activities on a quarterly basis. Ensuring that these new mechanisms function effectively and efficiently to improve aid effectiveness is a high priority of the Royal Government. Accordingly, the Cambodian Rehabilitation and Development Board at the Council for the Development of Cambodia (CRDB/CDC) -- that is the focal point within the Royal Government for mobilization of external development assistance and aid coordination functions -- shall:

- i. establish close liaison with the sector/thematic joint Technical Working Groups (TWGs) to maintain up to-date information on progress that is being made by TWGs to implement their Action Plans and to present a summary quarterly progress report on the work of TWGs to the GDCC;
- ii. operationalize and make fully functional the Secretariat to support the work of the GDCC; and
- iii. provide support to the Chairs of the TWGs to ensure alignment of development partner supported activities with Royal Government priorities, the harmonization of development partner practices, and to build capacity of the concerned Royal Government institution(s) in order to improve the effectiveness of development assistance that is mobilized and delivered in the sector/thematic area of the TWG.

18. The Royal Government shall continue to strive to provide leadership and to assume full ownership of its resource mobilization and aid coordination functions based on principles of mutual accountability. Since 1996, the Royal Government has utilized the Consultative Group meeting mechanism as a forum for government and donors to take stock of joint work and progress made by the Royal Government against reform commitments and for ODA mobilization. While the first five CG meetings for Cambodia were held outside Cambodia, the Royal Government is encouraged by the success it has had in organizing the last two CG Meetings in Phnom Penh. In order to take greater ownership of policy dialogue

processes and resource mobilization, the Royal Government intends to explore all options to effectively and efficiently carry out these functions.

19. In the international arena, the Royal government has been actively participating in the work of the OECD/DAC on harmonization and alignment issues since 1999. The Royal Government considers the "Good Practices" papers produced by OECD/DAC's Working Party on Donor Practices to be an important contribution to efforts of the international community to improve aid effectiveness. The "Good Practices" papers were completed towards the end of 2002 and presented at the First High Level Forum organized by the OECD/DAC in February 2003 in Rome. The Royal Government endorsed the commitments made in the Declaration that was issued at the close of the Forum -- now known as the **Rome Declaration**. In this Declaration nine specific commitments that emphasized that:

- ODA must be based on *true partnership and mutual accountability* between development partners and recipient countries to achieve better results;
- ownership and leadership of the recipient country government in framing and implementing national development strategies and translating these strategies into prioritized results-oriented operational programs;
- Recipient country to take lead in managing and coordinating aid at all levels;
- development partners assistance to be aligned with recipient country development strategies and priorities; and
- development partners to harmonize their practices and procedures among themselves and with those of the recipient country.

The Royal Government's Action Plan on Harmonization and Alignment to implement Rome Declaration's commitments was approved by the Council of Ministers in November 2004; and a Declaration signed by 12 development partners who have shown willingness to support the implementation of the Action Plan on Harmonization and Alignment on 2 December 2004 are important steps to improve aid effectiveness in Cambodia.

20. The Royal Government has in the past and will continue to give a high priority to improving aid effectiveness to reduce poverty and to achieve the Millennium Development Goals. The Sr. Minister, Minister of Economy and Finance and the First Vice-Chairman of CDC participated on behalf of the Royal Government in the Second High Level Forum that was held in March 2005 in Paris to review progress made in implementing the Rome Declaration's commitments and the core principles put forward at the Marrakech Roundtable on "Managing for Development Results" held in Marrakech in February 2004. The Second High Level Forum was attended by Ministers of developed and developing countries responsible for promoting development and Heads of multilateral and bilateral development institutions. The Sr. Minister, Minister of Economy and Finance and the First Vice-Chairman of CDC presented at the Forum "Cambodia's Report on Progress Toward Enhanced Aid Effectiveness" at the Second High Level Forum. At the end of the Second High Level Forum the **Paris Declaration** was issued.

21. It is a high priority of the Royal Government to continue to be an active participant in the discussions in the international arena on enhancing aid effectiveness to reduce poverty and to achieve MDGs; and to take actions necessary to ensure that CRDB/CDC and the line ministries and agencies lead the processes and analytical work required to monitor progress

on the implementation of Rome and Paris Declarations. The Royal Government recognizes that the capacity of CRDB/CDC and line ministries and agencies needs to be significantly strengthened to perform these functions effectively and efficiently. The Royal Government would appreciate the support of all its development partners to build capacity of these institutions. The broad based assistance that UNDP has provided since the mid 1990s through its Support Programme at CRDB/CDC has helped the Royal Government in formulating policies and institutionalizing processes to manage ODA in order to optimize the benefits of external assistance for the people of Cambodia. The Royal Government has decided that after the current phase of this UNDP Support Programme that will end on 31 December 2005, the next phase shall be designed as a multi-donor supported program on Aid Coordination and Partnerships.

IV. OBJECTIVE AND BASIC PRINCIPLES OF RGC'S DEVELOPMENT COOPERATION MANAGEMENT STRATEGY

22. The main objective of RGC's Development Cooperation Management Strategy is to improve aid effectiveness to maximize its benefits for the people of Cambodia through strengthened national systems and procedures, and aid coordination and resource mobilization mechanisms that are based on principles of Cambodian leadership, ownership and mutual accountability to achieve RGC's Rectangular Strategy's goals, and the priorities of the National Strategic Development Plan to reduce poverty and to achieve Cambodia's Millennium Development Goals.

23. To achieve the objective of the Development Cooperation Management Strategy, the Royal Government and all development partners shall adhere to the following basic principles:

- i. All development cooperation programs and projects of multilateral, bilateral and NGOs shall be aligned with development priorities of the Royal Government.
- ii. All development partners, multilateral, bilateral and NGO shall fully respect Royal Government's ownership of development cooperation programs and projects.
- iii. To the greatest extent possible all development partners shall shift the programming modality of their cooperation activities away from stand alone project approach to sector/thematic and/or program-based approaches in programming their activities that shall eventually be funded through budget support.
- iv. In sector/thematic areas where policies and strategies for implementing national development priorities are not fully developed or lack rigor, appropriate partnership arrangements (e.g. TWGs) shall be used to assist concerned Royal Government institutions in elaborating policies, strategies and programs.
- v. All development cooperation programs and projects shall include, where needed, a provision on capacity development of the program or project implementing institution(s) of the Royal Government.
- vi. To the greatest extent possible, development cooperation activities shall make appropriate use of Cambodian institutional mechanisms, delivery systems, and human resources.

- vii. To the greatest extent possible development cooperation activities shall be predictable and aligned with national budget cycles, financial systems and national monitoring systems.
- viii. The development partners of Cambodia shall ensure that their practices do not create excessive burden on Government administrative and management systems, and shall give a high priority to harmonizing and simplifying their practices and procedures.
- ix. Concurrently, the Royal Government shall continue to give a high priority to implement its reform programs to improve its institutional systems, mechanisms, and procedures to facilitate greater efficiency and effectiveness of development cooperation activities.
- x. The Royal Government shall exercise its leadership responsibility in all institutional mechanisms used for resource mobilization and aid coordination to ensure transparent accountability by all partners: Royal Government, bilateral and multilateral development partners, and NGOs.

24. All development programs and projects funded through Official Development Assistance (ODA) shall be planned, designed, and implemented to achieve the over-arching national goal of poverty reduction and to reach Cambodia's Millennium Development Goals (CMDG). The National Strategic Development Plan (NSDP) 2006-2010 has been prepared to achieve these national goals. All development programs and projects shall align with the national development priorities outlined in the NSDP's. All development programs and projects shall be directed to foster sustainable and equitable economic growth by enhancing the productive capacity of the economy, building human capital, and supporting the rehabilitation and development of critical infrastructure needed to further promote, expand and sustain the development process. At this stage of development of Cambodia, the Royal Government of Cambodia places a high priority on securing financing of development programs/projects through **grant aid** from its development partners.

25. The use of **loans** shall be made only in those cases where it has been established that resources from grant aid are not available and that the proposed program/project will contribute to investments that will accelerate economic growth. In all cases, the implications of each new loan shall be carefully examined, including its impact on macro-economic stability, before acceptance of the loan. Loan assistance may be considered in case of:

- infrastructure development programs and projects that can produce large impact on national economy and have a high internal rate of return on investment; and
- areas that help generate and promote external sector transactions that enhance the foreign exchange earnings capability.

In the case of large programs and projects that require feasibility studies or other pre-investment analysis *that are being considered for financing* through loans, such work shall be financed through grant aid. The Royal Government shall:

- stop use of loans for studies not directly related to an investment programs/projects; and
- minimize expenditure on consultants and foreign experts out of loan assistance.

26. **Technical assistance** needs to make a sustainable contribution to Cambodia's development process. Reliance on technical assistance and expatriate consultants shall be rationalized and reduced by building domestic institutional capacity through the transfer of expertise and technical know-how, and making appropriate and selective use of technical assistance. In planning for TA it shall be ensured that it supports and does not substitute local capacity and is demand driven. Technical assistance shall be focused on facilitating implementation of large projects, implementation of Royal Government's reform programs, and for functions related to developing strategies for national socio-economic development, and for building capacity at the central and local levels to formulate, implement, and monitor development activities. The Royal Government strongly discourages the financing of technical assistance programs and projects through loans. The Royal Government also strongly discourages the practices of multiple studies on the same subject/topic being carried out by development partners. The Royal Government also strongly urges development partners to first discuss and agree with the Government before dissemination of documents and reports.

V. NATIONAL PROGRAMME TO IMPLEMENT THE DEVELOPMENT COOPERATION MANAGEMENT STRATEGY

27. The Royal Government recognizes that effective and efficient management of development cooperation activities is a vital function to improve alignment of external assistance with national development priorities, to achieve greater harmonization of development partners practices to minimize burden on limited capacities of Royal Government's institutions, and to achieve results that maximize the benefits of ODA for the people of Cambodia and improve aid effectiveness. The nature and scope of development cooperation management functions have multiple dimensions and aspects as illustrated in the preceding two sections on recent development within the country and internationally. Thus, to implement RGC's Development Cooperation Management strategy, the national programme will focus on:

- i. Capacity development of the RGC's focal point within the Government for resource mobilization and aid coordination functions, the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC), and providing high quality policy advisory support to the senior management of CRDB/CDC to empower it to play its leadership role both within the country and in the international arena.
- ii. Capacity development of the line ministries and agencies to enable them to effectively manage external assistance that is implemented through them and to effectively coordinate their aid management activities with CRDB/CDC.

28. Further strengthening of CRDB/CDC is needed to enable it to effectively perform its designated and recently vastly expanded functions arising from recent external and internal developments that include:

- leading policy discussions with bilateral and multilateral development partners on their country strategies and program priorities, and maintaining day to day contact

with all development partners as the focal point of the RGC on all external aid-related matters;

- organizing and preparing key Government documents for presentation at RGC's annual resources mobilization forum;
- building partnerships with all development partners and stakeholders to enhance aid effectiveness;
- maintaining continually updated information systems and databases on aid flows of all development partners, preparing annual development Cooperation Report, and maintaining updated CRDB/CDC website;
- participating in the OECD/DAC and other international fora on aid effectiveness issues and to make contributions on monitoring progress on the implementation of Rome and Paris Declarations in Cambodia;
- leading the process to develop and implement appropriate instruments to monitor progress in Cambodia on commitments made in the international fora, such as RGC's Action Plan on harmonization and Alignment to monitor progress on the implementation of Rome Declaration's commitment;
- leading the process to ensure that the new TWGs and Government-Development partners Coordination Committee (GDCC) mechanism functions effectively and efficiently by:
 - i. establishing close liaison with the sector/thematic joint Technical Working Groups (TWGs) to maintain up to-date information on progress that is being made by TWGs to implement their Action Plans and to present a summary quarterly progress report on the work of TWGs to the GDCC;
 - ii. operationalize and make fully functional the Secretariat to support the work of the GDCC;
 - iii. providing support to the Chairs of the TWGs to ensure alignment of development partner supported activities with Royal Government priorities, the harmonization of development partner practices, and to build capacity of the concerned Royal Government institution(s) in order to improve the effectiveness of development assistance that is mobilized and delivered in the sector/thematic area of the TWG; and
 - iv. playing a central role in Royal Government's external resource mobilization process.

29. Likewise further strengthening of sustainable capacity of line ministries and agencies is needed to enable them to assume and assert their leadership and ownership and to function effectively in all matters of aid coordination, such as:

- directing and aligning external assistance to established or emerging priorities that are consistent with national development goals;
- providing leadership and taking ownership of the new created TWG mechanism, and maintaining regular contact with development partner representatives, but more importantly, with members of the TWG from other ministries and agencies to resolve internal issues as they arise, including through CRDB/CDC, without waiting for higher level meetings;
- reducing the number of stand-alone projects and moving rapidly towards program-based approaches including SWAPs and SWIM;

- reducing the number of PIUs/PMUs, international experts and TA in consultation with development partners.

30. The Royal Government remains committed to enhancing aid effectiveness by taking full ownership and providing leadership in the planning, management, and utilization of ODA resources that become available to maximize its benefit for the people of Cambodia. An important element of the Royal Government's priorities to enhance aid effectiveness is to secure a greater investment in economic growth and human capacity to reduce poverty and to move forward on achieving Cambodia's Millennium Development Goals. The Royal Government will continue to strengthen its partnerships with all development partners and stakeholders to ensure that external resources are redirected to achieve a larger net resource transfer of resources for the benefits of the people of Cambodia. The Royal Government urges all its development partners to participate in the implementation of this Strategic Framework for Development Cooperation Management through a multi-donor support program.

ANNEX I

ROLE AND RESPONSIBILITIES OF CDC/CRDB

EXTRACTS

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KINGDOM OF CAMBODIA NATION RELIGION KING

Royal Government of Cambodia
No. 147 ANK BK

SUB DECREE ON THE ORGANIZATION AND FUNCTIONING OF THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA

The Royal Government of Cambodia

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen the Royal Decree N° NS/RKT/0704/124 dated 15 July 2004 on the formation of the Royal Government of Cambodia;
- Having seen the Royal Kram N° 02/ NS/ 94 dated 20 July 1994 on the Organization and Functioning of the Council of Ministers;
- Having seen the Royal Kram N° 03/NS/94 dated 5 August 1994 on the Promulgation of the Law on Investment of the Kingdom of Cambodia and the Royal Kram N° NS/RKM/0303/009 dated 24 March 2003 on the Promulgation of the Amendment to the Law on Investment of the Kingdom of Cambodia; and
- Pursuant to the needs of the Council for the Development of Cambodia.

It Is Hereby Decided:

I

ORGANIZATION OF THE COUNCIL FOR THE DEVELOPMENT OF CAMBODIA

Article 1: The composition of the Council for the Development of Cambodia (CDC) is as follows:

1. Samdech Hun Sen, Prime Minister of the Royal Government of Cambodia as Co Chairman
2. Samdech Krom Preah Norodom Ranaridh, Special Adviser to the Royal Government of Cambodia as Co Chairman
3. H.E. Mr. Keat Chhon, Senior Minister, Minister of Economy and Finance as First Vice Chairman
4. H.E. Mr. Cham Prasidh, Senior Minister, Minister of Commerce as Vice Chairman
5. H.E. Mr. Kong Vibol, First Secretary of State, Ministry of Economy and Finance as Vice Chairman
6. Minister in Charge of the Council of Ministers or Representative as Member
7. Minister in Charge of the Royal Palace or Representative as Member

8. Co Ministers of Interior or Representative as Member
9. Co Ministers of National Defense or Representative as Member
10. Minister of Foreign Affairs and International Cooperation as Member
11. Minister of Education, Youth and Sports as Member
12. Minister of Information as Member
13. Minister of Rural Development as Member
14. Minister of Health as Member
15. Minister of Culture and Fine Arts as Member
16. Minister of Justice as Member
17. Minister of Water Resources and Meteorology as Member
18. Minister of Post and Telecommunication as Member
19. Minister of Labor and Vocational Training as Member
20. Minister of Women's Affairs as Member
21. Minister of Social Affairs, Veteran and Youth Rehabilitation as Member
22. Minister of Planning as Member
23. Minister of Industry, Mines and Energy as Member
24. Minister of Agriculture, Forestry and Fisheries as Member
25. Minister of Environment as Member
26. Minister of Public Works and Transport as Member
27. Minister of Tourism as Member
28. Minister of Land Management, Urban Planning and Construction as Member
29. Minister of National Assembly Senate Relations and Inspection as Member
30. Minister of Cult and Religious Affairs as Member
31. Governor of the National Bank of Cambodia or Representative as Member
32. Secretary of State of the Secretariat of Public Function or Representative as Member
33. Secretary of State of the Secretariat of Civil Aviation or Representative as Member
34. Commander in Chief of the Royal Cambodian Armed Forces or Representative as Member
35. National Police Commissioner or Representative as Member
36. Commander in Chief of the Royal Para Military or Representative as Member
37. Secretary General of the CDC as Member
38. Secretary General of the Cambodian Rehabilitation and Development Board as Member
39. Secretary General of the Cambodian Investment Board as Member
40. Secretary General of the Cambodian Special Economic Zone as Member
41. Director General of the Cambodian Petroleum Authority as Member
42. Municipal and Provincial Governors or Representative as Member
43. President of the Phnom Penh Chamber of Commerce or Representative as Member

Article 2: The organizational structure of the CDC is as follows:

1. The Cambodian Rehabilitation and Development Board (CRDB) under the direct supervision of a Secretary General.
2. The Cambodian Investment Board (CIB) under the direct supervision of a Secretary General.
3. The Cambodian Special Economic Zone Board (CSEZB) under the direct supervision of a Secretary General.
4. The General Secretariat under the direct supervision of the Secretary General of CDC.

Article 3: The Secretary General of CDC, the Secretary General of CRDB, the Secretary General of CIB, and the Secretary General of CSEZB shall be respectively assisted by a Deputy Secretary General. The Deputy Secretaries General shall perform their duties as assigned by the Secretaries General with approval of the executive committee of CDC. The Secretaries General, in performing their duties, shall consult their Deputy Secretaries on a regular basis.

Article 4: The organizational structure of CRDB is composed of the following units:

1. Public Relations and Aid Mobilization and Coordination
2. Documentation and Information Management
3. Bilateral Aid Coordination with Asia Pacific and Oceania countries

4. Bilateral Aid Coordination with European Union and countries in Europe and the Americas
5. Aid Coordination with Multilateral Institutions (such as ADB, WB and IMF)
6. Aid Coordination with UNDP and other UN Agencies
7. NGO Coordination
8. Program/Project Analysis
9. Administration

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Article 8: Each unit has the rank of a department and under the supervision of a Director assisted by a number of Deputy Directors.

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II ROLES AND RESPONSIBILITIES OF CDC

Article 10: CDC is an executive agency of the Royal Government of Cambodia and shall have the following roles and responsibilities:

1. Act as the "Etat Major" and "One Stop Service" of the Royal Government of Cambodia in the areas of Rehabilitation and Development and Public Investment, Private Investment, and the establishment and management of Special Economic Zones.
2. Lead in the formulation of development visions and strategies for Cambodia by collaborating with concerned institutions.
3. Liaise with foreign countries, bilateral and multilateral partners and NGOs to get them informed of national economic development visions and strategies and priorities in national rehabilitation and development plans with the aim of making external aid coordination and utilization effective and aligned with national development needs and priorities.
4. Coordinate the work of the Ministries that are working with donor countries and institutions and investors.
5. Provide directions in the allocation and utilization of public and private resources for national development.
6. Facilitate and streamline administrative procedures for donor countries and agencies and investors.
7. Review and make decision on work pertaining to rehabilitation and development and public investment, private investment and the establishment and management of Special Economic Zones.

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Article 13: In Rehabilitation and Development, the roles and responsibilities of CDC are as follows:

1. Act as the "Focal Point" and "One Stop Service" of the Royal Government of Cambodia in its relations with donor countries, agencies and NGOs; and as the "Focal Point" and "One Stop Service" for Government ministries and agencies in aid coordination and allocation/utilization.
2. Formulate and implement the Strategic Framework on Development Cooperation Management to strengthen Government ownership and leadership in development process and to strengthen partnership between Royal Government of Cambodia and the donor community.
3. Mobilize and allocate external assistance to implement the priorities set out in the National Strategic Development Plan and other sectoral development plans.
4. Directly lead the harmonization of development partners' practices and procedures to enhance aid effectiveness.
5. Provide technical support to the Government Donor Coordination Committee that is the mechanism for policy dialogue and provide support to strengthen the Technical Working Groups mechanism.
6. Cooperate with ministries and agencies in formulating national rehabilitation and development strategies, and setting immediate, medium and long term national

development priorities for the preparation of annual plans of action. These plans of action must be coherent, systematic and inter-related.

7. Participate in the preparation of national socio economic development plans and sectoral development plans.
8. Manage public investments by closely cooperating with relevant ministries and agencies. This is mainly related to coordinating and guiding the allocation and utilization of national and external resources for the rehabilitation and development of Cambodia.
9. Pursuant to the delegation of power from the Prime Minister, sign on behalf of the Royal Government of Cambodia the acceptance and/or allocation of external assistance with bilateral and multilateral donors and international organizations.
10. Lead the preparation of government policy papers to be submitted to conferences for the rehabilitation of Cambodia such as the Consultative Group Meeting of Cambodia with cooperation from relevant ministries and agencies.
11. Prepare six-month and annual report and submit to the Royal Government of Cambodia for review and guidance to further improve rehabilitation and development.

Article 14: In the management of public investments, working relationships between CDC and ministries and agencies are as follows:

1. CDC shall coordinate the formulation of visions and strategies for public investments and shall coordinate the ordering of priorities for public investment for medium term and one year.
2. The Ministry of Foreign Affairs and International Cooperation shall be the diplomatic window.
3. The Ministry of Planning, by cooperating with other ministries and agencies, shall prepare the 5 year public investment plan.
4. The Ministry of Economy And Finance shall prepare the macroeconomic framework for the medium term, shall prepare national budget for the implementation of the annual public investment plan, and shall monitor the implementation of financing.
5. Line ministries shall prepare sectoral public investment plans by closely cooperating with the Ministry of Planning and CDC and shall implement those sectoral public investment plans.

Article 15: All ministries and agencies shall perform their duty related to public investment in a coordinated manner through the "One Stop Service" mechanism.

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III THE FUNCTIONING OF CDC

Article 25: The Vice Chairmen of CDC shall have the following responsibilities:

- A. H.E. Mr. Keat Chhon, First Vice Chairman:
- i. Oversee the overall functioning of CDC in the absence of the Co Chairmen of CDC.
 - ii. Propose national development strategy.
 - iii. Supervise the functioning of CRDB with focus on coordinating public investment and mobilizing and coordinating external assistance.
 - iv. Manage and supervise the daily operations of CDC.
 - v. Chair the executive meeting of CDC and the plenary meeting of CDC and sign the minutes in the absence of the Co Chairmen of CDC.
 - vi. Coordinate between CDC and ministries and agencies.
 - vii. Liaise with donor countries and agencies.
 - viii. Chair the "One Stop Service" meetings organized by CDC on matters pertaining to rehabilitation and development and investments prior to submission for approval from CDC Executive Committee.
 - ix. Perform tasks as delegated by Co Chairmen of CDC.

Article 26: The roles and responsibilities of the Secretary General of CDC are as follows:

- i. Responsible for the coordination and monitoring of the performance of CRDB, CIB and CSEZB as well as for the management of the Secretariat of CDC.
- ii. Act as technical "Etat Major" for CDC in the implementation and monitoring of policies and strategies on trade, industry, private investment and special economic zones.
- iii. Prepare CDC's work plan, agenda and other relevant documents for CDC Executive Committee and Plenary meetings.
- iv. Prepare the minutes of CDC Executive Committee and Plenary meetings for signature of the meeting Chairman.
- v. Prepare press release for CDC.
- vi. Coordinate the preparation of annual and six month progress reports on matters pertaining to rehabilitation and development, private investment and the special economic zones for review and approval by CDC prior to submission to the Royal Government.
- vii. Participate in the "One Stop Service" meeting for review and approval of work pertaining to rehabilitation and development, private investment and special economic zones.
- viii. Perform tasks as delegated by Co Chairmen of CDC or Vice Chairmen of CDC.
- ix. Act as the Secretary General of the Government Private Sector.

Article 27: The roles and responsibilities of the Secretary General of CRDB are as follows:

- i. Supervise the functioning of CRDB.
- ii. Prepare agenda and relevant documents for the "One Stop Service" meetings on matters pertaining to rehabilitation and development.
- iii. Assist the Secretary General of CDC in preparing necessary documents related to rehabilitation and development for submission to CDC Executive Committee and Plenary meetings.
- iv. Monitor the implementation of public investment programs by cooperating with concerned Government ministries and agencies, and prepare progress report and recommendations for review and corrective actions by CDC Executive Committee.
- v. Assist the Secretary General of CDC in preparing annual and six month progress on work pertaining to rehabilitation and development for review and approval by CDC prior to submission to the Royal Government.
- vi. Participate in the "One Stop Service" meeting on matters pertaining to rehabilitation and development.
- vii. Perform tasks related to rehabilitation and development as delegated by Chairman of CDC or Vice Chairmen of CDC.

Article 35: The implementation of the "One Stop Service" mechanism of CDC on matters pertaining to rehabilitation and development, investment and the special economic zones shall be based on the following principles:

A. For CRDB:

- i. The Ministry of Foreign Affairs and International Cooperation, the Ministry of Economy and Finance, the Council of Ministers and the Ministry of Planning shall respectively designate an official of the rank of director of department to work with CRDB. The official must:
 - Be competent in his/her field of specialty.
 - Have the delegation of authority from the head of his/her institution and must liaise closely with the latter and in particular must prepare reports and seek recommendations from the head of his/her institution.
 - Be proactive with the work of CRDB.
 - Have good command of one or two foreign languages especially English.
- ii. Other Government ministries and agencies shall also appoint a representative to participate in the "One Stop Service" mechanism, but this is done on an ad hoc basis and upon the request of the Secretary General of CRDB on matters pertaining to public investment which involves the concerned ministries and agencies.

- iii. The Secretary General of CRDB shall provide all the documents necessary for the "One Stop Service" meeting to all representatives of relevant ministries and agencies one week before the meeting date so that the head of the relevant institutions shall be able to review and make recommendations.
- iv. After preparing all the necessary documentation, the Secretary General of CRDB shall submit the documents for review and approval of the "One Stop Service" meeting.
- v. The Secretary General of CRDB shall prepare the necessary documents and relevant information which are the outcome of the "One Stop Service" meeting and forward them to the Secretary General of CDC for submission for review and approval by CDC Executive Committee.

Article 37: The Council for the Development of Cambodia shall have its own staff and budget. The management of the revenues and expenditures of CDC shall be governed by the Law on Finance.

Article 38: The Sub Decree N° 70 ANK/BK dated 27 July 2001, Sub Decree N° 112 ANK/BK dated 12 November 2002, and Sub Decree N° 35 ANK/BK dated 4 August 2004 shall be rendered null and void.

Phnom Penh, 29 December 2005
Prime Minister
Hun Sen

ANNEX II

ABBREVIATIONS

CAS	Country Assistance Strategy
CDC	Council for the Development of Cambodia
CG	Consultative Group Meeting
CRDB	Cambodia Rehabilitation and Development Board
DCM	Development Cooperation Management
DCMP	Development Cooperation Management Programme
DCR	Development Cooperation Report
GDCC	Government – Donor Coordination Committee
GDP	Gross Domestic Produce
MDG	Millennium Development Goals
MEF	Ministry of Economy and Finance
MFA & IC	Ministry of Foreign Affairs and International Cooperation
MOP	Ministry of Planning
NGO	Non Government Organisation
NPRS	National Poverty Reduction Strategy
NSDP	National Strategic Development Plan (2006-2010)
ODA	Official Development Assistance
OECD/DAC	Organisation for Economic Cooperation and Development/ Development Assistance Committee
PIP	Priority Investment Plan (three year rolling plan)
PIU/PMU	Project Implementation (or Management) Unit
PRS	Poverty Reduction Strategy of RGC (or NPRS)
RGC	Royal Government of Cambodia
RS	Rectangular Strategy of RGC
SWAP	Sector-wide Approach
TA	Technical Assistance
TWG	Technical Working Group