

TERMS OF REFERENCE

Government-Donor Partnership Working Group

BACKGROUND

1. At the 6th Consultative Group Meeting held in June 2002, the RGC reported on progress that has been made in building partnerships with national and external development partners of Cambodia. A paper entitled, “Building Development Partnerships: An Update” was distributed by the RGC. It presented a summary of RGC’s overall objective, guiding principles, and strategic implementation considerations for building development partnerships (see Annex I). It also outlined the specific measures and mechanisms that have been put in place to strengthen partnerships with national stakeholders within the Government, the private sector, and the civil society. Specifically, the progress that has been made in fostering partnerships within the Government through the Inter-Ministerial Steering Committee to Strengthen Development Cooperation partnerships that was established in 2001 and serves as the focal point on partnership issues; the “Government-Private Sector Forum” established in 1999 that is the formal mechanism for fostering partnership with the private sector; and the civil society.

2. To further strengthen partnerships with its external development partners, the RGC had asked for the formation of a “*Government-Donor Partnership Working Group*” under the CG mechanism to address issues and make recommendations on appropriate approaches for building meaningful and effective *development partnerships with its external partners*. The RGC proposed that this working Group should be Co-Chaired by one representative of the bi-laterals and one representative of the multi-laterals and the Government. The RGC also recommended that the size of this Working Group should be kept small to ensure maximum efficiency and that the Working Group should begin its work as soon as possible by: (i) developing the Terms of Reference for its operations, and (ii) preparing an action plan to resolve problems for which *feasible solutions can be agreed to and implemented immediately*. The Working Group will report at both the CG and the Post-CG Meetings on progress made in dealing with Government-Donor Partnership issues in the same manner as other Working Groups under the CG mechanism.

3. The 6th CG Meeting overwhelmingly endorsed RGC’s proposal on the formation of the “Government-Donor Partnership Working Group”. At the CG Meeting it was understood that this Working Group will be chaired by the Government and will have two Co-Vice Chairs. Japan and UN Resident Coordinator were designated as the Co-Vice Chairs to liaise with the bi-lateral and multi-lateral donors, respectively. Soon after the 6th CG Meeting, H.E. the Prime Minister designated the Secretary General of the CDC/CRDB, who is also the Secretary General of the Inter-Ministerial Steering Committee, to be the Government’s representative and Chairman of the Working Group. A meeting of the Chair and the two Co-Vice Chairs was held on August 19, 2002 at the CDC. At this meeting it was agreed that:

- i. In accordance with the decisions at the 6th CG Meeting, the size of the Working Group will be kept small to ensure maximum efficiency. However, interested donors and Government representatives will be invited to participate as members of the Sub-Groups that may be established to oversee the work on specific issues. It was agreed between the Chair and two Vice-Chairs, that the membership of the Working Group will include:

- one member from IFIs,
- one member from among bi-lateral donors from the region, and
- one member from among bi-lateral donors that have a stated policy to channel their ODA through multi-lateral institutions.

ii. The Chairman was to contact ADB, Australia, and United Kingdom to explore their interest in participating as a member of the Working Group.

iii. The TORs for the Working Group should be flexible, to enable the Working Group to examine current critical issues. The four topics proposed in the draft TORs that was circulated were agreed to with a recommendation to change the title of item III to something like “National Operational Guidelines for Development Cooperation”. It was also agreed that TORs will be reviewed and finalized at the first meeting of the Group.

4. The first meeting of the core Government-Donor Partnership Working Group was held on November 8, 2002 at CDC at which the draft of the TORs were reviewed. The TORs for the Working Group presented here incorporate the decisions made at this meeting.

5. The membership of the core Government-Donor Partnership Working Group as of 8 November 2002 included:

- | | |
|---------------------------|---------------|
| • Government | Chair |
| • Japan | Co-vice Chair |
| • UN Resident Coordinator | Co-vice Chair |
| • ADB | Member |
| • Australia | Member |
| • United Kingdom | member |

6. At a meeting with all development partners held on 28 February 2003 at CDC, a decision was made to expand the membership of the Working Group. In response to a request from the Chairman, as of 21 March 2003, the following development partners have also indicated an interest in participating in the work of the Group: Canada, Denmark, European Commission, France, Germany, and Sweden.

MANDATE AND ACTIVITIES OF THE WORKING GROUP

7. The mandate of the Working Group is to *examine issues related to Government-Donor Partnerships, make recommendations to strengthen the partnerships, and to follow up and report on progress made at both the CG and the Post-CG Meetings.*

8. The Working Groups will focus on identifying, analyzing, and making recommendations on issues for which feasible solutions can be agreed to and implemented immediately.

9. As suggested in the RGC’s paper, “Building Development Cooperation Partnerships: An Update” there are several steps that can be taken in the short term, which could increase the national ownership of the development cooperation activities, lessen the burden on implementing agencies, and minimize the unintended adverse effects of some donor practices, notably those related to capacity building. The Government-Donor Partnership

Working Group will begin its work by examining the issues and making recommendations in the following four areas:

- i. **A harmonized approach for capacity development:** The existing gaps and limitations of capacity within the administrative structures of the Government as well as the implications of these constraints for effectively managing and enforcing reforms are now well recognized. While the current practices of donors of providing salary incentives within the context of the implementation of individual programs/projects may expedite the implementation of these programs/projects, these practices have been detrimental in building sustainable institutional capacities.

There is a need for a study that will: (i) document the existing capacity building practices of the donors; and (ii) outline options and make recommendations on feasible solutions that can be implemented immediately to minimize the existing problems.

A Sub-Committee of the Working Group will be established to oversee the conduct of the study. The UNDP Support Programme for Aid Coordination and Partnerships has allocated resources for carrying out this study.

The Sub-Committee will periodically report to the Working Group on the progress in the conduct of the study.

- ii. **A harmonized approach for program formulation, review, and implementation management strategies:** The RGC would like to see a flexible approach adopted in the design of development programs/projects. In the design of the programs, the approach should put emphasis on process and results as opposed to providing a rigid blue print for implementation. As a rule, the program design should include mechanisms that ensure periodic reviews and well-defined processes to realign program/project activities necessary for achieving program/project results in response to changing conditions. There have been many attempts and successes in formulating programs and projects jointly by the Government and some donors. Many donors have also begun to make long-term commitments to support specific programs and projects. This is encouraging because such long-term commitments enable the RGC to plan for its development activities in a more systematic manner. By documenting the successes and lessons learned in these areas, the successful experiences can be institutionalized through a collaborative effort.

There is a need to carry out a comprehensive assessment of: (i) the existing practices of the bi-lateral and multi-lateral donors in Cambodia and lessons learned from experiences over the last decade; and (ii) to outline feasible options and recommendations that can improve upon the current situation.

A Sub-Committee of the Working Group will be established to oversee the conduct of the study. Japan has agreed to field a mission to conduct this study.

The Sub-Committee will periodically report to the Working Group on the progress in the conduct of the study.

iii. Preparation of “National Operational Guidelines for Development Cooperation”:

The need for giving the ownership of the development processes to the national Government's is now well recognized in practically all international forums on development cooperation. In Cambodia, a large number of programs financed by various donors are now designated as “nationally executed”. However, at present there are no “National Operational Guidelines” for managing the implementation of development cooperation programs designated as NEX. To ensure some uniformity in the management of the nationally executed programs across Government ministries/agencies that are funded by various donors, there is a need to develop a manual on “National Operational Guidelines for Development Cooperation” that recognize both Government policies and procedures, and the realities of donor practices in Cambodia. Such a manual should cover all aspects of program implementation management.

A Sub-Committee of the Working Group will be established to oversee the preparation of the manual on “National Operational Guidelines for Development Cooperation”. The UNDP Support Programme for Aid Coordination and Partnerships has allocated resources for carrying out this study.

The Sub-Committee will periodically report to the Working Group on the progress in the conduct of the study.

iv. Information sharing between Government and the national and external development partners:

An effective information sharing strategy can significantly enhance the opportunities for participation of all stakeholders in the development processes. The Working Group will provide direction for developing an effective information sharing strategy to enhance the participation of all national and external development partners of Cambodia.

OPERATIONS OF THE WORKING GROUP

10. The need for more strengthened and effective donor-donor coordination among bi-lateral and multi-lateral development partners of Cambodia is well recognized. The Government encourages the two Co-vice Chairs to make use of any mechanisms that will enable them to secure the views and concerns of all development partners within their constituencies. For its part the Government's representative as the Chair of the Working Group will make an effort to keep all bilateral and multilateral development partners informed by circulating the agenda of the scheduled meetings as well as the decisions/conclusions of the Working Group meetings through e-mail and by posting the information on its website (www.cdc-crdb.gov.kh). In addition to the members of the Working Group any donor can attend the Working Group meetings who has an interest in a topic scheduled to be discussed by the Working Group.

ANNEX I

RGC's OVERALL OBJECTIVE, GUIDING PRINCIPLES, AND STRATEGIC IMPLEMENTATION CONSIDERATIONS IN BUILDING DEVELOPMENT COOPERATION PARTNERSHIPS

OVERALL OBJECTIVE

The RGC's overall objective of building development cooperation partnerships is to further support Cambodia's sustainable socio-economic development with equity to reduce poverty by effectively promoting and supporting the emerging partnership model of development cooperation, based on Cambodian leadership, ownership, and accountability, thus contributing to increased effectiveness of development resources, to increased resource mobilization, and to a sharper focus of development cooperation on human development, poverty reduction, and participatory decentralized development.

GUIDING PRINCIPLES

- A Common Vision and Shared Objectives.
- Agreed Governance and Accountability Structures.
- Harmonized Strategic Management and Operational Capacities.
- Learning and Adaptation Capacities.
- Building and Maintaining Trust.

STRATEGIC IMPLEMENTATION CONSIDERATIONS

- Ownership, Commitment and Shared Resources.
- Flexible Partnership Modalities.
- Starting Gradually, Getting Priorities Right and Using Pilots.
- Identifying and Differentiating Partner Roles.
- Developing National (in-country) Coordination Capacities.
- Strengthening External Donor Capacities for Aid Management & Coordination.
- Implications for Good Governance and Administration Reform.

March 21, 2003