

Cambodia Development Co-operation Forum June 2007
Short Statement on Aid Effectiveness to be made by the UK on behalf of
Development Partners

Excellencies, Ladies and Gentlemen

It is my pleasure to present the Development Partner statement on Aid Effectiveness, which represents our **joint response** to the 2007 Cambodia Aid Effectiveness Report. We would like to congratulate the government on the production of a high quality report. We welcome the emphasis on evidence-based policy making and the achievement of results. While this is the first of what will be an annual report, and we recognise that the data needs refinement in the future, the analysis and conclusions do identify a number of important directions for us all to focus on now.

We agree with Excellency Yanara that there has been some progress in Paris Declaration commitments over the last year, but there are still significant **challenges** facing all of us. What are these and how can Development Partners respond?

Firstly, we know that there were inconsistencies and **inaccuracies** in the **data** that donors provided to CDC. This is not a Cambodia-specific problem, but donors here are committed to providing more timely, consistent, and accurate information and to updating our existing database entries. We will support Government efforts to further strengthen the database so that there is a single, data collection platform at central level and across sectors. This will enable a more robust analysis of future ODA data.

Secondly, the report indicates disparities between our financial pledges and our disbursements. The introduction by CDC of the three-year indicative financing framework is a welcome step towards greater predictability, and we commit to providing the most timely and accurate-information possible, so that the government can plan ahead with more confidence. We will also liaise with CDC on any new assistance agreements to which they are not otherwise a signatory, in order to strengthen information on alignment of new resources. To further build financial transparency, we urge the government to increase the % of ODA shown in the national budget and to build clear linkages between this, the NSDP and the PIP. We also encourage the Government to report on internal and external resources in key sectors in future, to help clarify the relative funding needs of different NSDP priorities and aid Mutual Accountability.

Thirdly, the Aid Effectiveness Report presents compelling evidence of the **fragmentation** of development assistance. We commit to supporting the government in taking the lead, and managing a process of sectoral development that will ensure better **division of labour** and **reduced fragmentation** between and within sectors. We recognise that PIUs (and particularly parallel PIUs) contribute to fragmentation and we commit to working with government (perhaps through the Partnership and Harmonisation TWG) to clarify the baseline and identify year on year targets to enable us to meet the proposed 2010 DAC target of 16. We also commit to working sectorally to strengthen existing and develop new programme-based approaches wherever possible, in order to strengthen the harmonisation and alignment of ODA around NSDP priorities. We will work with the government to agree targets to measure

increased funds flowing through PBAs, and note that progress towards PBAs would be speeded up by the development of more transparent and accountable government systems to manage assistance funds.

Fourthly, good quality TWG and GDCC mechanisms are central to achieving broader Aid Effectiveness goals. Under government leadership, Development Partners are committed to supporting these mechanisms, and to working to re-align and strengthen TWGs that are performing less well.

Fifthly, we note that the share of assistance provided as **technical cooperation** - around 50% of total disbursements - has not declined significantly in Cambodia (although the AER points out it is lower in other LDCs). Assuming the data is accurate, it raises the issue of why TC has not declined, and what are the problems? We welcome the planned government review of TC and commit to engaging fully in this process. Once the study is completed, and based on its recommendations, we commit to work closely with the government to find ways to move forward in rationalizing the provision and use of TC in Cambodia.

The next DAC High Level Forum in Ghana in September 2008 provides a shared target. Cambodia has already been recognised by the DAC as having responded innovatively and effectively to the last DAC Survey. Let's work together to maintain the momentum, so that Cambodia is recognised in Accra as having developed examples of good practices in implementing the Paris Declaration. Excellencies, we all recognise that this is a process and we look forward to working with you all to define clear targets to chart our progress over the year ahead.

Thank you – sohm orkhun