

**SUMMARY PROGRESS REPORT
OF THE
TWG ON D&D

FOR THE
GOVERNMENT-DONOR COORDINATION COMMITTEE MEETING
5 OCTOBER 2006**

1. Good progress has been made in the D&D reforms towards subnational democratic development in Cambodia since the start of the year 2006.
2. At the last GDCC Meeting in June 2006, progress was reported on the three major components that were necessary to advance decentralization and deconcentration reforms in the short term, that is:
 - completion of the draft Organic Law and submission to MOI;
 - preparation of the preliminary Implementation Framework for the Organic Law; and
 - completion of the independent study on options for future donor funding and support to decentralization and deconcentration reforms that was commissioned by the Ministry of Interior,
3. There has been further progress on these three major components that also correspond to the three Joint Monitoring Indicators in the Technical Working Group Action Plan for 2006 (TWG AP 2006). Details are contained in the Progress Report of the Joint TWG on D&D that was earlier submitted to the Secretariat of the GDCC.
4. I reported the completion in mid-May of the drafting of the Organic Law (JMI # 1). The draft law has now been fully translated into Khmer. A translation audit and verification has been done in partnership with the CDRI to ascertain the correctness and appropriateness of the terminologies used in the law.
5. The Ministry of Interior (MOI) has been reviewing the law and has presented summaries in various forums with our partners in the government and non-government sectors at national and local government levels, and to other stakeholders.
6. The draft law, which contains 5 volumes, including the election component that is still under formulation, creates competent sub-national councils that are equipped with appropriate and substantial functions, resources and personnel. The draft Law –
 - establishes policies, structures and processes for provincial, municipal, district and commune councils;
 - sets out policies and processes for the re-allocation and transfer of governmental functions, duties and resources to these councils (including fiscal and financial arrangements, personnel and assets);
 - establishes a unified administration for each sub-national council;

- ensures that the elected councils enhance and facilitate local democratic representation, participation, transparency and accountability;
- ensures greater and improved delivery of services, facilities and infrastructure;
- facilitates improved government-donor coordination and cooperation in these areas; and
- establishes a strong Implementing Authority with appropriate authority to oversee implementation of the Organic Law, including the transfer of functions, resources and personnel to sub-national councils.

7. As regards JMI # 2, the four phases of the implementation strategy for the organic law that were identified by the Deputy Prime Minister during the 1st GDCC meeting this year, were further developed in the form of a preliminary (or temporary) Implementation Framework. This Framework identifies the main components, priorities and sequencing of activities for the reform and implementation of the Organic Law and associated policies. The framework therefore provides preliminary guidance, choices and timeframes for ministries, international agencies and donors to develop flexible short-term, medium-term and long-term programs that are in alignment with the Royal Government's policy and strategy.

8. The preparatory phase component of the framework was distributed in June in order to provide our partners with a basis for planning their support for 2007. The full Implementation Framework covering all four phases from 2006-2012 has now also been made available to our development partners to enable everyone to place their support for the D&D reform for sub-national democratic development (SNDD) in better perspective.

9. This Implementation Framework is regarded preliminary and temporary as it may well require adjustments dependent on further study and also, on the outcome of the deliberations of the National Assembly and Senate on the draft Organic Law.

10. As indicated in June, the Royal Government is further advancing the reform agenda during the remainder of 2006 by pursuing activities that will focus on completing all Key Activities in the TWG Action Plan for 2006 based on the Implementation Framework.

11. The main focus of the remaining activities is the formulation of a Government Program for Sub-National Democratic Development to implement our policy and the Organic Law. This is the 3rd of the TWG's JMIs.

12. Preparatory work is in already progress with the approval by the NCDD of the Terms of Reference for the Program. The preparation of this Program will take one year and can therefore be in accordance with the provisions of the Organic Law as adopted by the National Assembly and Senate. The Terms of Reference were also presented to our development partners for their information and financial support.

13. Other activities for the rest of the year include advancing decisions made by the IMC at its meeting on May 18, 2006 regarding the Independent Study, in consultation with donors. In particular, this will include –

- further exploration of the funding modality option that was recommended in the Independent Study report;
- an appropriate and initial design for the D&D Fund for pooling donor resources, that will be complemented by donor supported stand-alone projects;
- the transitioning and phase-out of Seila; and

- designing an umbrella Royal Government-Donor agreement that will cover all donor support for democratic development, including both contributors to the D&D Fund and donors supporting stand-alone projects.

14. During the remainder of 2006, there will also be further consultations on the preliminary draft Organic Law, including the Technical Working Group on Decentralization and Deconcentration. Changes to the draft will be made where necessary. It is planned that a final draft of the Organic Law will be submitted to the National Assembly and Senate by the end of this year, as contemplated in the TWG AP 2006.

15. These activities will now be undertaken and supervised by the newly established National Committee for the Management of Decentralization and Deconcentration Reform (NCDD). The NCDD has been assigned full responsibility to advance the Royal Government's policy for sub-national democratic development, and has taken over the functions of the National Committee to Support Communes/Sangkats (NCSC) and the Inter-Ministerial Committee to Draft the Organic Law (IMC).

18. The NCDD will focus specially on the period leading up to the adoption of the Organic Law. This period will include the following activities –

- the completion of the draft Organic Law;
- ensuring appropriate consultations before the draft Law is submitted to the National Assembly and Senate, and other preparatory arrangements;
- the further development of the preliminary Implementation Framework and associated policies relating to sub-national democratic development; and
- as an integral extension and outgrowth of these activities, the design of the Royal Government's preliminary Program for sub-national democratic development.

19. It will be critical throughout this process that Government leadership and ownership, through the NCDD, is complemented with strong alignment by our development partners to our national policy, the Organic Law, the Implementation Framework and the Government Program.

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