



IMC TASK FORCE FOR D&D

ADDRESS

BY

HE PRUM SOKHA, SECRETARY OF STATE, MINISTRY OF INTERIOR

FOR

FIFTH MEETING

OF

GOVERNMENT-DONOR COORDINATING COMMITTEE

12 DECEMBER 2005

DEMOCRATIC DEVELOPMENT

Thank you for inviting me to attend this fifth meeting of the Government-Donor Coordinating Committee.

I should like to use this opportunity to address you briefly on the general context and objectives of the *Strategic Framework on Decentralization and Deconcentration* that the Royal Government adopted on 17 June 2005, and also to refer to certain aspects of Organic Law and government-donor cooperation that arise out of that Strategic Framework. I trust that what I have to say will be of assistance, and perhaps even guidance, to the members of the Committee.

The *Strategic Framework on Decentralization and Deconcentration* is a major policy document that proposes the restructuring and reformation of all the current levels of sub-national administration. These levels consist of provinces, municipalities, districts, khan, communes and sangkat. There will also be corresponding adjustments to the national administration.

Organic Laws to implement this reformation are presently being conceptualized and fleshed out in accordance with the basic concepts of the *Strategic Framework* document.

These Organic Laws will be drafted under the guidance of the Inter-Ministerial Committee (IMC) that was established for this purpose by Samdech Prime Minister on 18 January 2005. The Committee is under the chairpersonship of the Deputy Prime Minister and Co-Minister of Interior HE Sar Kheng. An IMC Task Force under my chairpersonship will assist the IMC.

The essential purpose of the restructuring and reformation is to establish and promote democratic development at all sub-national levels. Democratic development requires that elected councils and appointed governors at sub-national levels are responsive and accountable to their local communities, and that they will, as far as possible, have the ability and capacity -

- o to determine local needs;
- o to make local choices and select local priority services and infrastructure; and
- o to implement their local decisions.

In other words, these councils and governors must not simply deliver programs, services and infrastructure, but also stimulate and promote social and political capital in their communities.

The two main mechanisms or processes for achieving these objectives are decentralization and deconcentration<sup>1</sup>. Which of the two is chosen in any particular instance, will depend substantially upon the scope and nature of the function, power or duty. However, in all instances, the objective will be to administer the function, power or duty as close as possible to the people who are affected, and to encourage local participation, choice and accountability.

In order to achieve the objectives of democratic development, the Government has to make policy decisions and strategic choices for several complex issues. These issues include –

- the creation of appropriate *governmental structures* for urban and rural sub-national levels;
- the assignment or delegation of appropriate *functions, powers and duties* to each of these sub-national levels;
- the identification and allocation of corresponding *human and material resources*;
- *fiscal decentralization and fiscal deconcentration* that will provide adequate local and other revenues to fulfill these functions, powers and duties;
- appropriate *operating systems and procedures* for these sub-national authorities that will facilitate transparent *decision-making; management; budgeting and planning; financial controls and audits; responsiveness, accountability and public participation*;
- the establishment of a *unified administration* at each sub-national level; and
- *capacity building and support* that will empower the government, councilors and officials at national and sub-national levels to manage and carry out their respective political and administrative responsibilities.

The content and processes of this sub-national reformation and national adjustment, are therefore extremely comprehensive, intricate and sensitive.

Although it will be necessary and desirable to include principles and policies for all of these matters in one comprehensive and cohesive set of Organic Laws, it will not be feasible or desirable to try and implement all the various components immediately or simultaneously. These matters must therefore be prioritized, phased, and implemented incrementally over quite a substantial period of time. This implies that we will be dealing with an inherently dynamic and evolving situation over several years.

These complexities emphasize the need for certain additional cross-cutting components that will be fundamental for meeting these policy objectives.

Firstly, there is the essential need for comprehensive and cohesive Organic Laws that will reflect and enforce the content and processes of sub-national democratic development.

Secondly, there is the essential need for a broad implementation strategy that clearly indicates and identifies the basic choices and time frames for priorities, phasing and implementation.

Thirdly, there is the essential need for close cooperation, understanding and consultation between the various institutions and agencies of the Government.

Fourthly, there is the essential need for close cooperation, understanding and consultation between the Government and the donor community. Appropriate coordination between donors, and effective and efficient mechanisms for donor-government consultation and cooperation are crucial for achieving our policy objectives.

<sup>1</sup> <sup>1</sup> In the Cambodian context, deconcentration implies that the national government will enable sub-national institutions to exercise certain powers as agents on behalf of the national government. This enabling can be done by way of directives, which are very strict, or by way of delegations, which usually permit a limited discretion. It can be expected that accountability for performance is usually upwards towards the higher authority.

Decentralization on the other hand implies that the national government will empower sub-national institutions to exercise a range of functions as their own, and on behalf of their local communities. This empowerment is usually done by way of assigning or devolving the ownership functions to sub-national bodies by law. Accountability for performance must be directed towards the local community.

And finally, all of these factors emphasize the essential need to ensure that all strategies, processes and support mechanisms (including donor support) should be sustainable, and should accommodate a high degree of flexibility and adaptability.

I trust that you will accept my assurance that these essential matters will have my strongest personal support.

In addition however, there are already certain formal support mechanisms and processes that will focus attention on broad-based consultation, cooperation and adaptability.

Clearly, the Inter-Ministerial Committee (IMC) and the IMC Task Force will make a major contribution towards achieving these essential needs.

In addition, however, on 25 November 2005, the Prime Minister approved the establishment of the Technical Working Group for D&D (TWG). The three core members of this TWG are me, as chairperson, together with Excellencies Sak Seta and Chheang Yanara. The TWG will be supplemented from time to time as necessary or appropriate with representatives from all affected ministries and major stakeholders. The TWG will be able to play an important role in strategy development, coordination and cooperation.

More specifically, the Ministry of Interior has already indicated its intention to complete the first draft of the Organic laws, and a preliminary outline implementation strategy by the end of the first quarter of 2006. This time-frame will not adversely affect donor programming or funding to support D&D.

Also, the Ministry of Interior - through the IMC Task Force - is presently commissioning the proposed independent study by international experts on options and approaches for donor funding and donor support, including specific and general donor funding programs, institutional arrangements for donor funding and funding mechanisms, and SEPA. The study will be undertaken under the guidance of the IMC Task Force.

The study will be undertaken against the wider background, intentions and needs of the *Strategic Framework for Decentralization and Deconcentration*, and will be conducted within the context of the policy of sub-national democratic development as envisioned for Cambodia. The study must recommend donor support modalities and mechanisms that can be applied towards meeting these broad policy support needs in general.

The study is also expected to identify appropriate national and international donor practices, modalities, and implementation mechanisms that can ensure-

- o that all policies for developing and implementing democratic development at sub-national level remain in the ownership of the designated governmental authority; and
- o that there is no division or duality of ownership or responsibility, except as required by the D&D policy and expressly provided by Organic Laws.

Consistent with the policy of democratic development and local autonomy, the study is expected to lay out options for donor support that are responsive to national and local development needs, and that encourage active participation by the new sub-national governmental authorities in the choice, implementation, monitoring, and local accountability for a comprehensive range of programs, services and infrastructure.

The study will also recommend appropriate fiscal procedures and mechanisms to ensure transparency, monitoring and accountability to safeguard donor funding.

The study must take into account the broad intentions of the December 2004 Declaration on Harmonization and Alignment that was signed between the government and the development partners.

The study will be undertaken in close cooperation with the key stakeholders of the Government and the donor community. The German Government will provide overall management support and facilitation through GTZ (German Technical Cooperation). It is gratifying that several donor agencies have expressed their willingness to sponsor assignments and events conducted in the context of the study. Some donors have proposed candidates as members of a Donor Advisory Group that should be representative of bilateral and multilateral donors, and reflect different methods of donor support.

There is every reason to feel confident that the good will and combined efforts of the donor community, the IMC, the IMC Task Force, the TWG for D&D, the Ministry of Interior, the Independent Study, and the Donor Advisory Group will identify and facilitate a common purpose and close synergy between the government and the donor community.

Overall, there has therefore been substantial and encouraging progress. In summary -

- the Strategic Framework for Decentralization and Deconcentration has been adopted;
- the preparation of the Organic Law drafts is under way;
- the first draft of the Organic Laws, and a preliminary outline implementation strategy, is targeted for completion by the end of the first quarter of 2006;
- the Technical Working group for Decentralization and Deconcentration has been established;
- the Independent Study to ensure the best donor modalities and mechanisms to support D&D has been initiated in consultation with the donor community; and
- there have been constructive and extensive discussions with the donor community.

In conclusion I should emphasize that the Royal Government desires and expects that the donor community will contribute towards the promotion and establishment of democratic development in this changing environment with even greater and more effective understanding and support.

Thank you.