

STATEMENT
BY
HE PRUM SOKHA
SECRETARY OF STATE, MINISTRY OF INTERIOR
and
CHAIRPERSON OF THE TASK FORCE OF THE INTER-MINISTERIAL
COMMITTEE TO DRAFT THE ORGANIC LAW
ON
NATIONAL POLICY ON DEMOCRATIC DEVELOPMENT
FOR THE MEETING OF THE
GOVERNMENT-DONOR COORDINATION COMMITTEE
June 14, 2006

Excellencies, Ladies and Gentlemen

1. It is a privilege for me to have the opportunity today to share with the Government-Donor Coordination Committee the Royal Government's significant progress in realizing our national policy on sub-national democratic development.

POLICY BACKGROUND

2. In June 2005, the Royal Government approved a Strategic Framework for Decentralization and Deconcentration Reforms that outlines our national policy on sub-national democratic development.
3. Democratic development is an encompassing vision for improved governance in Cambodia that will introduce fundamental changes at all sub-national levels —provinces, municipalities including Phnom Penh, districts, khans, communes and

sangkats. These changes will also bring substantial change to Government at the national level.

4. Democratic development envisages competent sub-national councils — directly or indirectly elected — that are equipped with the functions, resources and personnel necessary to respond to local needs and to make concrete improvements in the quality of life of their people.
5. At the core of democratic development are the principles of democratic representation, public participation, transparency and accountability in local governance. The policy of democratic development will create an environment of strong grassroots participatory democracy that empowers Cambodians to influence decisions that affect their lives and that enable Cambodians to ensure and sustain responsive and accountable local governance.
6. Democratic development, therefore, will fundamentally change the way in which Cambodians and their elected institutions of government interact.

STATUS OF REFORM AS OF CONSULTATIVE GROUP MEETING IN MARCH 2006

7. At the Consultative Group Meeting in March 2006, H.E. Sar Kheng outlined the Royal Government's Strategic Framework of June 2005 and its proposal for the restructuring and reformation of all current levels of sub-national administration.
8. At that meeting, H.E. Sar Kheng identified three major components that were necessary to advance the reform in the short term. These three major components were —
 - preparation of a draft Organic Law;
 - preparation of a preliminary Implementation Framework for the Organic Law; and
 - completion of an independent study on options for future donor funding and support to decentralization and deconcentration reforms that was commissioned by the Ministry of Interior.
9. I am pleased today to report on progress regarding these three major components and on additional steps that have been taken to advance our policy.

1. Completion of Preliminary Draft of the Organic Law

10. A preliminary draft of the Organic Law was completed in mid-May and is now being translated. The Ministry of Interior has already begun to review and study the first draft.
11. 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 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.
12. Immediately after the Royal Government has had sufficient opportunity to consider the preliminary draft Organic Law, it will be available for consultation and comment, and amendment where necessary.
13. A final draft of the Organic Law will be submitted to the National Assembly and Senate during the latter part of this year.

2. Completion of Preliminary Implementation Framework

14. At the meeting in March of this year, H.E. Sar Kheng also outlined a four-phase implementation strategy for the Organic Law. The four phases are --
- the preparatory phase;
 - the initial phase;
 - the transitional phase; and
 - the transformation phase.

15. The **preparatory phase** is from now until the National Assembly and Senate approve the Organic Law, hopefully by the end of 2006. Considerable preparatory work will have to be done during this period.
16. The **initial phase** will last from 2007 to 2009. It will involve --
 - establishment of an Implementation Authority to oversee implementation of the Organic Law;
 - establishment of the necessary structures and systems for implementation of the Organic Law;
 - the first elections of all the new councils, starting with the direct elections of commune/sangkat councils in April 2007; and
 - the first transfers of new responsibilities and resources to the new councils.
17. During this initial phase, there must be no suspension of present activities at sub-national levels.
18. The transitional phase will last from 2009 to 2012.
19. During this phase, it is reasonable to expect more rapid and greater transfers of basic governmental responsibilities and resources to councils at provincial, municipal, district and commune levels. It can be expected that there will be greater and more effective delivery of basic services to local communities by their councils individually, and, also, improved delivery of basic services by all government institutions collectively.
20. The final transformation phase will begin from 2013 and extend into the future. The experience gained during the previous phases will further develop and entrench democratic governance and continue to impact on poverty reduction.
21. These four phases have now been further developed in some detail in a preliminary Implementation Framework that spans the next 7 years and will provide guidance into the future.
22. The preliminary Implementation Framework identifies the main components, priorities and sequencing of activities for the reform and implementation of the Organic Law. The preliminary Implementation Framework therefore provides preliminary guidance, choices and timeframes for 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.

23. The Framework is preliminary, however, as it may well require adjustments dependent on the outcome of the deliberations of the National Assembly and Senate on the draft Organic Law.
24. The preliminary Framework component for the first preparatory phase of the reform was distributed to donors last week in draft form.
25. Immediately after the Royal Government has had sufficient opportunity to review and finalize the full preliminary Framework covering all four phases, it will be available for consultation and comment, and amendment where necessary.

3. Completion of Independent Study

26. An independent study on donor funding and support for democratic development was commissioned late last year by the Ministry of Interior.
27. The independent study was completed in late April 2006. As hoped, the report provided the IMC with an authoritative statement of options and modalities that will best ensure the sustainable and focused support of donors for our policy of democratic development.
28. The key recommendations in the report include the need for-
 - strong government leadership and donor alignment;
 - an appropriate and authoritative Implementing Authority;
 - flexible funding modalities that takes into account the transitional and dynamic phase in our reform (the third option, referred to as Option C in the report);
 - the development of an appropriate Decentralization and Deconcentration Fund (D&D Fund) for pooled donor funds that will be complemented by stand-alone projects;
 - 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; and
 - the transition and phase-out of Seila.

29. The IMC met on May 18, 2006 to discuss the Independent Study report. The IMC agreed that priority attention must be given to –
- further developing the option recommended in the Independent Study report for donor funding support, in partnership with donors;
 - the design of the D&D Fund recommended in the Independent Study Report; and
 - the transition and phase-out of Seila functions, carried out with the least possible disruption to current activities.
30. These matters are now receiving priority attention by the IMC Task Force.
31. The Independent Study report was distributed to donors and discussed at an IMC-Donor meeting held on May 24, 2006. Donors have been uniformly supportive of the IMC's preliminary decisions to act on the key recommendations contained in the Report pending adoption of the Organic Law.

4. Further Advancements

32. The Royal Government is now proceeding with the formulation of a preliminary Government Program for Sub-National Democratic Development to implement our policy and the Organic Law.
33. The preliminary Program will build on the best probable options of the draft Organic Law, the preliminary Implementation Framework, and the IMC decisions drawing on the Independent Study. The transition and phase out of Seila, a government responsibility, will be one component of the Government Program.
34. Appropriate terms of reference are now under review for the appointment of a government design team consisting of national and international members. The Program formulation process will take several months in view of the complexities involved and it will include consultation with donors. Immediate funding is required to support this formulation mission.
35. The implementation Program will, of course, be subject to the outcome of the deliberations of the National Assembly and Senate on the draft Organic Law.

36. The Ministry of Interior will also be available for consultations with donors formulating their own programs to support and align with the Royal Government's Program, including a joint donor support program formulation mission which is planned in the coming weeks.

NEXT STEPS PLANNED

37. The mandate of the IMC is close to completion, as is the mandate of the National Committee to Support Communes/Sangkats. It may be appropriate to create an Interim Committee for Decentralization and Deconcentration that will manage the process until the new Implementing Authority is established and functioning.
38. As soon as possible, the preliminary draft Organic Law and preliminary Implementation Framework will be reviewed by the IMC. Broader consultations will then be undertaken with international and national agencies and donors, including the Technical Working Group on Decentralization and Deconcentration.
39. As I mentioned, it is anticipated that the draft Organic Law will be submitted to the National Assembly and Senate later this year.
40. Once the Organic Law is adopted, the Government will finalize its implementation Program and Cambodia will begin its active course toward sub-national democratic development.

CONTINUED GOVERNMENT-DONOR COOPERATION

41. The generous support, cooperation, coordination and partnership of international and national agencies and donors have been critical to the implementation of the Royal Government's decentralization policy since 2002.
42. We are, however, still in the early stages of the overall reform process with greater and deeper changes still to come. In this regard, I wish to highlight the importance of flexible and adaptable support for our policy on democratic development. This will be necessary in order to move quickly once the Organic Law is adopted and in order to ensure a phased, rational and coordinated approach to implementation that is responsive to issues and opportunities as they emerge.

43. I am certain that democratic development for Cambodia is a goal that is shared between the Royal Government and its partners. I look forward to the continued support and coordination of our donors and international and national partners that will undoubtedly be critical to the success of our reform.