

# Paris Declaration Monitoring Survey

## Country Report for Cambodia

(25 March 2008)

### Introduction

The Paris Declaration monitoring survey in Cambodia was led by the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC) in collaboration with the joint Technical Working Group on Partnership and Harmonisation. The survey has been a valuable opportunity to strengthen national systems and partnership for aid management.

Progress and challenges associated with implementing each of the indicators is recounted below. The following general observations can also be made:

- a) Government received strong and effective support from the donor focal points – UNDP and DFID – which is gratefully acknowledged;
- b) Most development partner focal points, including those of non-resident development partners who were responsible for compiling the data for their own agency, were extremely dedicated and committed to providing accurate and timely returns. Their support is also appreciated;
- c) It is the view of Government, however, that some development partner agencies do not yet have adequate information systems in place, have perhaps not fully engaged with the survey exercise at a sufficiently senior level, or have received guidance from their headquarters instructing them on how to complete the survey return (e.g. "all our PIUs are integrated"). Despite the efforts to clarify definitions and to ensure their uniform application data consistency across development partners is still erratic; and
- d) The modality for collecting development partner data was adapted to make full use of the Cambodia ODA Database, instead of using the survey questionnaire. This has enlarged the number of development partners for which data was obtained (24 compared to 18 in 2006) and the total development assistance included in the survey (USD 711 million compared to USD 470 million in 2006). It will also support future implementation of the Paris Declaration as well as allowing for improved country analysis and monitoring at the project and sector level.

**Cambodia Paris Declaration Indicators**

No.	Indicator	2005 Baseline (2006 survey)	2007 Status (2008 survey)	2010 Target
1	Implementation of national plans and frameworks	C	C	B or A
2	Quality of PFM systems (CPIA rating)	2.5	3.0	3.5 or higher
3	Aid reported on budget	79%	85%	90%
4	Coordinated technical cooperation	36%	35%	50%
5a	Use of country PFM systems	10%	12%	tbc
5b	Use of country procurement systems	6%	16%	tbc
6	Parallel PIUs	49	121	16
7	In-year predictability of aid flows	69%	104%	85%
8	Untied aid	86%	52%	> 86%
9	Use of programme-based approaches	24%	28%	66%
10a	Coordinated missions	26%	12%	50%
10b	Coordinated country analytical work	60%	17%	70%
11	Sound performance assessment framework	C	C	B or A
12	Reviews of mutual accountability	Yes	Yes	Yes

Note. Figure for untied aid provided by OECD/DAC (2008 survey figure derived from Cambodia ODA Database data for reference)

## **The process drives the results...**

In light of the concerted efforts by Government and development partners to implement the Paris Declaration and the Royal Government's Harmonisation, Alignment and Results (H-A-R) Action Plan, it may appear paradoxical that there is some deterioration in four of the indicators (coordinated TC, PIUs, joint missions and joint analytical work). In part this is due to the inclusion of more development partners and the use of a more transparent methodology that records details by project, thereby offering increased transparency. The revised definitions and clarifications have also resulted in a different interpretation and application of some of the terms. The 2006 and 2008 surveys may not therefore be directly comparable as a broader range of development assistance is recorded while definitions are tighter and their interpretation may be somewhat stricter.

While results may not be comparable, what is comparable is the process. The 2008 survey demonstrated continued commitment to implementing the Paris Declaration and to jointly monitoring progress through enhanced country-based systems. In this latter respect there is encouraging progress, however renewed effort is required by Government and development partners to fully implement existing policy provisions on aid management. The mid-term review of the H-A-R Action Plan, scheduled for the second half of 2008 will provide an opportunity to further review progress and to re-prioritise as necessary.

## **...but does the survey measure aid effectiveness?**

One key characteristic of aid management in Cambodia is the fragmentation of aid. Working with over 35 development partners, each providing support across a range of sectors that finance a total of more than 700 separate projects, implies duplication, a lack of coordination, difficulty in reporting on results, parallel planning and implementation outside of the budget process, and a burden on local capacity. While increased use of programme-based approaches may address these symptoms of fragmentation, it is felt that the Paris Declaration indicators does not take account of this problem, which may also persist in other aid dependent countries.

An additional feature of the aid effectiveness effort in Cambodia is the use by some partners of delegated cooperation. Not only is the Paris Declaration survey silent on this practice, it can also distort the aid profile to the detriment of those who have delegated their support; their remaining aid often comprises small parallel projects that nonetheless represents an integral part of their cooperation with Cambodia.

Progress and challenges associated with implementing global and national aid effectiveness priorities is recounted below. The following issues are considered to be most pertinent:

### **I. Improved information on delivery and management of development assistance**

The Government has made significant investments over the last three years in establishing and strengthening its own ODA Database. This allows for improved linkages between development assistance, the National Strategic Development Plan (NSDP) and the budget, as well as for enhanced transparency in aid delivery. Government has received committed and effective support from all donor focal points and the next challenge is to use this information at sector and sub-national level to strengthen the ability of both Government and development partners to more effectively coordinate the delivery of aid.

Some development partner agencies, however, do not yet have adequate information systems in place or, in the view of Government, may have mis-reported the status of their projects (for example with respect to PIUs, missions and engagement in PBAs). The provision of improved donor systems, together with

clearer incentives to implement the aid effectiveness agenda, are actions that may accelerate progress.

## **II. Consolidating national reforms to strengthen public financial management**

The use of Government financial and procurement management systems is still very low. It was observed during the 2006 survey that where there is a significant fiduciary risk, development partners will not be able to make full use of Government systems; this observation remains valid in 2008. It is therefore necessary that the Public Financial Management Reform Program continues to progress as it has done in recent years so that efforts to improve the credibility of the budget process are consolidated and extended to financial management systems at national and sub-national level. Related reform efforts are on-going across other parts of the public sector, including in public administration, the legal sector, and in decentralisation and deconcentration. To ensure that the full impact of PFM reforms are realised, and that these reforms are sustainable, it will become increasingly important over the next years to link the related components of the multiple reform agenda so that a coherent legal and institutional framework can be established. For the purposes of implementing the Paris Declaration commitments, the links between PFM and public administrative reform will be particularly important in establishing incentive and monitoring systems at national and sub-national level.

## **III. Reducing aid fragmentation through increased delegation and use of PBAs**

One key aid management challenge in Cambodia relates to the fragmentation of aid. Working with over 35 development partners, each providing support across a range of sectors that finance a total of more than 700 separate projects, implies duplication, a lack of coordination, difficulty in reporting on results, parallel planning and implementation outside of the budget process, and a burden on local capacity. While increased use of programme-based approaches may address these symptoms of fragmentation it was observed in the 2007 Aid Effectiveness Report that actual progress in establishing and consolidating PBAs has been slower than anticipated. Renewed effort needs to be made by Government and development partners to develop coherent sector programmes. Work on complementarity is currently being undertaken at global and national level but this must be prioritised and implemented if it is to have its desired impact.

## **IV. Increasing the capacity development impact of technical cooperation**

A significant share of development assistance in Cambodia is provided as technical cooperation. Both Government and development partners share the concern that the impact of this technical cooperation, in particular in terms of capacity development, is sometimes less than may be expected. The Government has therefore established a programme of work that will develop analytical inputs for wider discussion with a view to developing a new guideline on the use of technical cooperation resources. A Guideline on the Role and Functioning of Technical Working Groups was also produced in 2007; while this note provides for Government and development partners to work more closely together in undertaking a capacity needs assessment and developing strategies for coherent and effective support, continued effort must be made to implement this provision.

## **Conclusion**

The 2008 survey process demonstrated continued commitment to implementing the Paris Declaration and to jointly monitoring progress through enhanced country-based systems. In this respect there is encouraging evidence that the development partnership is strong and there is a clear joint commitment to the principles of more effective aid.

While overall progress in strengthening development partnerships has been good there is, however, more mixed evidence of actual progress in implementing existing

policy frameworks. Some deterioration in four of the indicators highlights that continued emphasis needs to be placed on aid effectiveness issues, in particular at the sector level. While there is cause for optimism, it is now necessary to translate existing partnerships into the implementation of agreed policy frameworks. Only this will lead to more effective aid delivery and management mechanisms that can contribute to the achievement of development results.

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### **Indicator 1: Operational National Development Strategies**

*To what extent does the national development strategy set out clear and prioritised objectives for the country?*

The National Development Strategic Plan (NSDP) provides the basic development framework and provides the status and target for reaching the Cambodia Millennium Development Goals as well as other targets. Each Ministry and sector is requested to prepare a more detailed and costed plan. The NSDP provides indicative resource requirements for its 5 years of implementation (2006-2010), which these 5 year estimates are complemented by the annual 3 year rolling Public Investment Programme (PIP) prepared by the Ministry of Planning that supports budgeting and resource mobilisation. The first NSDP Annual Progress Report was produced in mid-2007 and presented to the high-level Cambodia Development Cooperation Forum. This document records progress, identifies challenges and supports evidence-based decision-making by policy makers.

*To what extent are national plans or strategies able to influence the activities undertaken by government and donors by means of making linkages between the plans and budgets, fiscal policies or other resource-allocation instruments?*

Close relations between the Ministry of Planning (MOP), CRDB/CDC and the Ministry of Economy and Finance (MEF) has resulted in more accurate information being made available by CRDB/CDC (through its ODA Database) and the Ministry of Planning (through the PIP) to the MEF so that it can reflect projected aid figures in the national budget. The budget is increasingly accommodating the reallocation of resources to NSDP priorities and further implementation of the Public Financial Management Reform Programme will support the more detailed budgeting of priorities at sub-national level. Analysis has shown that development partner support is broadly aligned to the NSDP priorities and on-going dialogue/analysis is expected to facilitate the increased alignment of both government and external resources to national NSDP priorities. Budget reform will also ensure increased integration of recurrent funds (mainly financed by domestic resources) and externally-financed capital expenditure.

*What are the remaining challenges in operationalising national development strategies?*

Besides the need to mobilise additional funds, an increased focus needs to be placed on the development and strengthening of country systems at all levels (planning, budgeting, execution, reporting, monitoring & evaluation). A significant share of aid is provided as technical cooperation but both Government and development partners have agreed that more needs to be done to ensure that this support works effectively to support the development of human and institutional capacity and to strengthen country systems. Core reform programmes and sector-level work must include an increased focus on strengthening systems and capacities on which the successful implementation of the NSDP will depend.

Specifically to the management of the NSDP, development partners (DP) have worked with the Ministry of Planning to develop a strategic plan to provide more coherent support to Government's planning function and to the monitoring of the

NSDP (the MOP Strategic Plan). The challenge ahead is to implement this plan so that national ownership of the NSDP can be translated into more effective management across the whole of Government.

The NSDP and the Government's policy on external resource mobilisation and aid management also identify the need to establish and consolidate programme-based approaches. Recent analysis has shown that aid to Cambodia is highly fragmented (many development partners working in many sectors financing many projects) and the need to consolidate support so that it can be managed more efficiently and also have an increased impact remains a challenge.

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#### **Indicator 2a: Reliable country public financial management systems**

*What reforms have been implemented or are planned to improve the quality of public financial management systems?*

Since 2004, the Royal Government of Cambodia (RGC) has been implementing a robust Public Financial Management Reform Program (PFMRP). The program aims at strengthening governance through enhanced public financial management for effective service delivery. The program design and implementation is led by the Ministry of Economy and Finance (MEF) Reform Committee and Secretariat based in the MEF. Thirteen development partners led by the World Bank have agreed to participate in supporting the program. Four of these partners have agreed to pool funding through a World Bank-managed trust fund. Other DPs provide additional earmarked funding but within the overall reform framework.

The program has adopted a platform approach (Platforms 1: Budget Credibility; 2: Financial Accountability; 3: Policy Based Budgeting; 4: Accountability for Performance). Stage 1, which was implemented until end 2007, aimed overall at achieving the Platform 1 objective of improving budget credibility including:

- a) improved government revenue policy forecasting and administration;
- b) improved budget formulation and comprehensiveness;
- c) improvements in existing centralized budget execution systems;
- d) improving cash and bank account management.

In addition a number of preparatory activities (i.e. Legislative Enhancement, Chart of Accounts, FMIS Specification, Program Budgeting Pilot) for later Platforms have also been implemented.

The Stage 1 implementation: i) has been a significant factor in revenue growth in excess of 10% of the budgeted amount in 2006 and 2007; ii) resulted in significant increase in payments by cheque, and the abolition of expenditure arrears; iii) facilitated enhancements to the budget and procurement legal framework, including the introduction of a new budget cycle and strategic budget planning better coordination with HR budgets and some delegation of procurement authority; iv) enabled implementation of a new GFS based Budget Classification/Chart of Accounts; and v) facilitated improved aggregate control of expenditure. In terms of later platforms the new Chart of Accounts has been piloted, the FMIS procurement is under way, internal audit has been instigated in over 20 Ministries and program budgeting has been piloted in 7 ministries.

Stage 2, which became effective in 2008, aims to continue progress on Platform 1 and promote achievement of the Platform 2 objective of improved financial accountability. This encompasses; i) improving lines of accountability to clarify roles, functions and responsibilities between various levels of government within spending institutions through updating and reviewing laws that specify roles for PFM to

improve accountability at National and Sub national levels; ii) Further implementation of the new budget classification and new chart of accounts; ii) Improved budget execution, accounting and financial management information systems; iii) Improved statutory financial reporting and transparency; iv) Improved external and internal auditing and responsiveness to audit findings, v) Implementation of a fiscal decentralization framework; vi) capacity development. Stage 2 will also provide for further preparatory work towards improve comprehensiveness and integration of budget through integration of recurrent and capital budgets, strengthening of the program budgeting system and deepening of the on going MTEF.

*What efforts are being made to improve financial management at sub-national levels?*

Significant progress has been made in preparing an Action Plan to implement PFM Platform 2. This will mean that financial accountability, both in terms of collecting revenue from all sources and managing expenditures, will be extended on a compulsory basis at all levels, including to all ministries and agencies at national and sub-national level.

Achievement of the programme objectives will result in progressively improving capacity at both Line Ministry and sub-national level. Specific attention will be given to supporting preparatory work for development of the fiscal decentralisation strategy and development of the systems and capacity required to support its implementation. The MEF recognises that this objective cuts across many actors and will be coordinated by the National Committee for the Management of Decentralization and Deconcentration Reform (NCDD) led by the Ministry of Interior within the National Strategic Framework for the Decentralisation and De-concentration and the new Organic Law. For the PFM RP, the RGC proposes the focus should be on supporting those activities that require MEF engagement. This would encompass: i) improvements in existing strategy, systems, staffing and capacity arrangements under the existing de-concentrated framework; ii) addressing issues related to intergovernmental transfers, PFM principles and standards, intergovernmental reporting and capacity development under the new decentralised framework outlined in the organic law and iii) capacity development for the LFD of the MEF to provide oversight.

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#### **Indicator 2b: Reliable country procurement systems**

*What actions have been taken or are planned to reform and improve the quality of procurement systems (laws, regulations and institutions)?*

The PFM RP will also aim to further strengthen the transparency of the procurement process while also developing the systems capacity and methodologies necessary to support a more de-concentrated framework. Specific attention will be given to:

- a) Elevate the legal stature of procurement in the country;
  - b) Further strengthen procuring agencies capacity, at national and sub-national levels, to implement the new Procurement Sub-Decree and Implementing Rules and Regulations (IRR), including Standard Bidding Documents (SBDs);
  - c) Strengthening Department of Public Procurement (MEF) oversight capacity to monitor and evaluate the performance of the public procurement system;
  - d) Increasing competitiveness and transparency in the procurement process through enhanced publicity and disclosure; and
  - e) Clarifying lines of accountability within the procurement process.
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### **Indicator 3: Aid flows are aligned on national priorities**

This indicator, which was estimated at 79% in the 2006 survey, increased to 85% in 2008. As was the case in the 2006 survey report submitted by Cambodia, it should be noted that Government and development partners feel that "the current indicator does not necessarily fully capture alignment of ODA with national priorities as ODA provided through non-Governmental actors is omitted."

*Please list the main reasons why there are gaps between what is disbursed by donors and what is recorded in annual budget estimates. How can the gaps be narrowed? What efforts are being made, or need to be made, by donors to ensure the necessary information disclosure to the relevant government authorities?*

The gap is narrower than in 2006 and the PFM reform is likely to further strengthen systems to ensure that this trend will continue. Actions on both Government and development partner sides can support the effort to minimise the remaining divergence:

- a) Development partners should continue to work with Government, through the ODA Database that is maintained by CRDB/CDC, to record their projections (ideally for a three-year horizon but at least for one year ahead) and their actual disbursements.
- b) The three Government agencies involved in planning, budgeting and recording aid (Ministry of Planning, Ministry of Economy and Finance and CRDB/CDC) should collaborate more closely in the preparation of the Public Investment Programme (PIP) and the budget to establish and strengthen a comprehensive and coherent system for aid management. This would include addressing technical issues, for example, accommodating the budget practice that excludes the technical cooperation component of grants from the budget estimates.

It is also necessary to note some methodological and data issues that affect the reliability of this indicator. The numerator, aid recorded by the Government budget, is derived from the Public Investment Plan (PIP) and it is felt that this figure might not always provide for a robust estimate of all development partner support. As noted above, to improve the accuracy and reliability of this indicator in the future it will be necessary to strengthen Government systems for recording aid projections provided by development partners as part of the PIP and budget exercise.

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### **Indicator 4: Strengthen capacity by co-ordinated support**

*What are the challenges in strengthening capacity development and improving the provision of technical co-operation? What steps are being made by relevant country authorities to identify and communicate clear objectives and strategies for capacity development? What are the steps taken by donors to integrate technical co-operation as part of country programmes and coordinate support among donors?*

This indicator, which was estimated at 36% in the 2006 survey, decreased slightly to 35% in 2008. As was the case for the 2006 survey, Government and development partners observed that this indicator may not provide a useful or operational proxy for effective capacity development.

The Government is currently undertaking an analysis of technical cooperation, the arrangements for its provision and management, and its impact on capacity development. A Government Guideline will then be prepared.

Most coordinated TC is associated with support that is provided in the context of a programme-based approach. Progress has been made in developing programme-

based approaches, which were the primary criteria for identifying coordinated technical cooperation for this survey. There are now 7 programme-based approaches within which TC is coordinated (see indicator 9).

Renewed effort needs to be made by both Government and development partners to consider capacity needs prior to designing TC support, and further development of management and monitoring systems is required to ensure that TC resources are used to maximum effect in developing capacity as part of a coherent sector plan. There has been significant progress in developing co-funded and pooled approaches to supporting programme-based approaches, which is evident in the progress recorded in this indicator. Further strengthening of capacity development activities, including through the increased coordination of technical cooperation, is required and such provision is made in the Guideline on the Role and Functioning of TWGs, produced by Government in February 2007.

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#### **Indicator 5a: Use of country public financial management systems**

*Please describe the constraints and challenges placed on donors in making use of partner country's public financial management systems (budget execution procedures, financial reporting procedures, auditing procedures)? Are procedures currently in place to use country systems beyond general or sector budget support (e.g. project and basket fund modalities)?*

The 2008 survey recorded the following use of Government systems (2006 figure in brackets):

- a) Use of budget systems: 14.2% (17.3%)
- b) Use of financial reporting systems: 14.0% (8.7%)
- c) Use of audit systems: 13.0% (3%)
- d) Use of all 3 systems: 11.8% (10%)

Government financial systems are still being strengthened, primarily under the auspices of the PFMRP (see indicator 2, above), although fiduciary risk remains high. National and sub-national systems are expected to become stronger as the PFM reform progresses and the simultaneous development and use of PBAs will contribute to increased use of Government systems.

Budget support, which by definition uses Government systems, will be expanded in 2008 under the PRGO facility and the potential for increased use of pooled funds (e.g. in the health, education, land and agriculture sectors) will be promoted as sector programmes are strengthened and their own PFM systems become more robust. At a sub-national level, the Commune/Sangkat Fund continues to provide a useful model of how Government and development partners can collaborate to strengthen and use national systems. All of these initiatives include activities to develop PFM capacity and are therefore expected to positively influence the strengthening and eventual use of Government systems. Further effort is also required, however, to channel project funds through Government systems as they are strengthened.

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#### **Indicator 5b: Use of country procurement systems**

*Please describe the constraints and challenges placed on donors in making use of partner country's procurement systems? Are procedures currently in place to use country procurement systems beyond general or sector budget support (e.g. project and basket fund modalities)? Please describe cases where donors apply safeguard measures.*



The 2008 survey estimated that 16.5% of development assistance uses national procurement procedures. Although this is an increase compared to the 6% recorded in 2006 the definitions and methodology are also slightly different and this may account for much of the apparent improvement.

Efforts to strengthen the public procurement system are described under indicator 2b, above, and many of the development partners' PFM concerns apply equally to the use of procurement systems. The Government, in consultation with some development partners (primarily the World Bank and other partners with whom the Bank works in pooled facilities), therefore now makes use of independent procurement agents. It will be important that regular assessments are made of national procurement capacity so that progress may be made in making increased use of these national systems.

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#### **Indicator 6: Avoiding parallel implementation structures**

*For which reasons are parallel PIUs established? What steps, if any, are being taken both by donors and governments to phase-out parallel PIUs and/or mainstream PIUs into line ministries?*

121 PIUs that are not fully integrated were identified in 2008, compared to 49 in 2006. This indicator continues to pose problems related to consistent application of the definitions and criteria, which is subject to considerable variation across development partners. One partner, for example, declared that its HQ had decided that all its PIUs are integrated and declined to apply the criteria; others applied each of the criteria stringently and as a result have more parallel PIUs than would be the case for other development partners. This has resulted in some frustration amongst development partners, some of whom feel that their honesty may result in them being unfairly singled out, particularly as the same problems were experienced in 2006. This indicator is not felt to be robust, whether assessing progress across time or for the purposes of analysing the situation in 2008.

Recording information through the ODA Database enables more detailed analysis of PIUs. Of the 121 identified PIUs, 40 are in agriculture and rural development; 26 in governance-related activity; 24 in health/HIV/AIDS; and 14 in education. The Government has made efforts with its development partners to understand more about the nature of non-integrated PIUs and to consider how they may be more fully integrated. This work will be associated with the initiative to develop a guideline of the use of technical cooperation for capacity development.

While concern about the strength of Government systems has been documented (indicator 5) it is also the case that project management and reporting and requirements continue to be significant and some Government agencies therefore prefer that PIUs remain in place to absorb this transaction cost and to mitigate risk. This once again highlights the requirement to develop coherent approaches to capacity development at sector level.

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#### **Indicator 7: Aid is more predictable**

*Please list the main reasons where there are gaps between what was scheduled for disbursement and what was actually recorded as disbursed by government.*

Aid recorded in Government systems as disbursed to the government sector in 2007 is slightly more than 100% of the amount that development partners indicated as available in 2007 (compared to 69% in 2006). This improvement in providing information (by development partners) and recording these flows (by Government) is

particularly noteworthy. It clearly demonstrates what can be achieved in a relatively short period of time if Government and development partners work together to establish and then use national systems that can record and track aid projections and disbursements.

A different methodology, based on the use of improved national systems, explains some of the improvement since the last survey: (i) the actual 2007 disbursements recorded are reported by development partners in the Government's ODA Database; and (ii) the scheduled disbursement is based on data provided by development partners at the high-level Cambodia Development Cooperation Forum meeting. It should also be noted that the total presents an aggregate that masks a greater degree of variance for some development partners. (The agreement to use a common system – the Cambodia ODA Database – for development partner and for Government recording, means that some of the variance previously caused by dual-system recording is automatically excluded).

*How can donors improve realism of predictions on volume and timing of expected disbursements?*

Increased focus on addressing absorption and capacity constraints, together with more collaborative project planning/budgeting, will address many problems at project level. At an aggregate level, some partners do not have the systems in place or are otherwise unable to provide projections data (especially for a three-year horizon) due to procedural constraints, even though it is emphasised that these figures are to be treated as indicative estimates.

*What efforts are being made by the government to 1) meet the various requirements (administrative, technical, financial, etc.) for timely execution of projects and disbursement of funds; and 2) fully capture disbursements in its accounting systems?*

These efforts are described under the narrative for indicators 2 and 3.

*Have any additional steps been taken to improve predictability of donor funding over the longer term?*

The high-level Cambodia Development Cooperation Forum meeting in June 2007, which replaced the Consultative Group, has developed a Multi-Year Financing Framework, which requests data on 3 years of funding, attempts to record support to each of the Governments priority sectors' outlined in the NSDP. While many partners have demonstrated their support for a more robust and complete budget/MTEF exercise, a small number of development partners are either unable or unwilling to provide these projection figures, even as informal estimates or broad aggregates.

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#### **Indicator 8: Aid is increasingly untied**

*What efforts are being made by donors at country level to untie aid?*

Most development partners have little or no influence at country level. Some development partners pass funds through a multilateral organisation, which can have the added effect of reducing or removing the tying that might be associated with bilateral funding.

Note: Although this figure is collected by the OECD/DAC, it is also possible to provide an estimate through the ODA Database, which records support from a wider range of partners. This data shows that 20.9% of aid is partially tied and 27.5% is fully tied, meaning that nearly half (48.4%) is either fully or partially tied. This compares to the figure of only 14% tied aid provided by the OECD/DAC for the 2006 survey (although it should be noted that partially tied for donors such as ADB means

that procurement is tied to ADB member countries and is therefore not excessively restrictive).

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### **Indicator 9: Use of common arrangements or procedures**

*Describe what use is currently being made of PBAs (i.e. approaches that meet all 4 criteria set out in the survey Definitions and Guidance).*

Meeting all 4 criteria provided a strict test and in some cases a PBA was defined as in place if good progress had been made toward meeting each of the criterion; this recognises that establishing and managing a PBA can be considered as a process, as well as a static condition.

Seven PBAs were identified for the purposes of the 2008 survey:

- a) Education;
- b) Health (and HIV/AIDS);
- c) Public Financial Management;
- d) Decentralisation and Deconcentration(including the Natural Resource Management programme);
- e) Clearing for Results (Mine Action);
- f) Land Management (LMAP); and
- g) Strategic Framework for Development Cooperation management (aid management).

For 2007 disbursements, budget support is estimated as USD 39.85 million, a figure which is expected to increase as the PRGO facility commences in 2008. Other PBA support is estimated as USD 162.3 million. Total PBA support is therefore estimated as 28% compared to 24% recorded in the 2006 survey. It should be noted that some development partners assumed that if their project was active in a sector that had established a PBA then their support would automatically be included as a part of this programme; there may therefore be some small upward bias in the 2008 figure.

Further progress is anticipated as programmatic approaches are developed for agriculture & water; trade; and the Ministry of Planning. Recognising that further growth in budget support and pooled fund mechanisms may be limited in the short-term, the challenge for development partners and Government will be to more closely associate project support with programmes where these PBAs have been established. Identified constraints to further use of PBAs include the need to develop comprehensive sector plans and budgets that can be used to coordinate all sector funding, including for capacity development and for supporting cross-cutting initiatives including gender, as well as arrangements for ensuring comprehensive reporting and review.

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### **Indicator 10a: Joint missions**

*Please describe what efforts are being made to rationalise and improve coordination of donor missions?*

Mission and analytical work reporting is still subject to variation in application of the definitions. Furthermore, the lack of any robust system amongst development partners to record and plan missions continues to preclude reliable monitoring or, more important, to promote increased coordination of missions and analytical work.

358 missions were identified in 2007. Using the 35% discount operator employed for the 2006 survey, 44 joint missions are implied (67 actual joint mission were indicated but it was not possible to derive actual incidents of joint missions as not all partners were able to identify other participants). This implies that 14% of missions were joint in 2007.

The 2008 results compare to 568 (147 joint) missions (26% of the total) identified during the 2006 survey. The new definition has resulted in a justifiable reduction of missions compared with 2006, although it is felt to be likely that there is still some under-recording. Although the indicator has deteriorated the reduced overall mission burden has also been sharply reduced, although data quality may not allow any statistically significant conclusions to be drawn.

Although a facility has been developed by Government to record project-related missions as they occur (or are planned), few development partners make use of this system. Both project and non-project missions are more commonly identified after the end of the year, which makes accurate recording much more difficult. There is also some feeling that the criteria have not been consistently applied. As is the case for PIUs (indicator 6), this has resulted in some frustration amongst those development partners who have attempted full disclosure based on the criteria developed for the survey.

Joint missions mainly occur where co-funded projects or PBAs have been established. Continued efforts to develop and implement PBA approaches are therefore likely to reduce the mission burden. Technical Working Groups may therefore have an increased role to play in forward planning so that more missions can be coordinated.

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#### **Indicator 10b: Joint country analytic work**

*Please describe what mechanisms are available to rationalise and co-ordinate country analytic work, either by theme, sector, or other?*

118 pieces of analytical work were identified in 2007. Using the 25% discount operator employed for the 2006 survey, 20 joint analytical exercises are implied (26 actual joint exercises were indicated but it was not possible to derive actual incidents as not all partners were able to identify other participants). This implies that 17% of analytical exercises were joint in 2007.

The 2008 results compare to 118 (71 joint) exercises (60% of the total) identified during the 2006 survey. The 2008 results are therefore more comparable to 2006 than is the case for missions (indicator 10a).

As is the case for joint missions, common analytical work mainly occurs where co-funded projects or PBAs have been established. Continued efforts to develop and implement PBA approaches are therefore likely to result in more coordinated analytical work that is more likely to contribute to sector objectives. In the absence of PBAs, Technical Working Groups may play a useful role in identifying and commissioning joint analytical exercises.

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#### **Indicator 11: Results-oriented frameworks**

*Are there transparent and monitorable performance assessment frameworks in use in your country? In which areas? (country level, sector level etc.)*

The NSDP contains 26 measurable indicators and targets for priority sectors and activities, many of which are taken from the 2015 Cambodia Millennium

Development Goals. An annual progress report is produced and discussed at high-level meetings, and the NSDP mid-term review is now in progress. Data collection is undertaken mainly through routine Government information systems, supported by periodic surveys.

The joint monitoring indicators (see indicator 12 below) identify and monitor the output areas where both Government and development partners agree that more urgent action is required. In addition, sector programmes develop their own sets of indicators for discussion in Technical Working Groups and annual joint sector performance reviews. For cross-cutting issues, including gender, discussion and support across the TWGs is provided (using Gender Mainstreaming Action Plans, for example).

*Is there an operational strategy for improving statistical capacity and/or administrative reporting on results in your country? And how is it implemented?*

The National Institute of Statistics (NIS), which is part of the Ministry of Planning, is supported by a number of development partners. In 2005 the NIS developed a Statistical master Plan which establishes priorities and schedules for surveys and capacity development activities over the next decade. The Ministry of Planning has developed its MoP Strategic Plan (MPSP) which defines a more coherent approach to supporting the central Government planning function (including NSDP monitoring and evaluation) and support to this function. The MPSP is currently being further operationalised (e.g. through translation into MoP costed annual operational plans) by the Ministry of Planning with support from its key partners.

*How does information on performance feed back into decision-making at national or sectoral levels in your country? And by which mechanisms?*

The NSDP Annual Progress Report is discussed at high-level meetings but links to strategy and budgets need to be further strengthened. Sector reviews are common in many of the priority programmes and these are expected to feed directly into planning for subsequent years.

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## **Indicator 12: Mutual assessment of progress**

*If a mutual assessment of progress has been conducted in your country, what are the key features of this mutual assessment? (Annual reporting, periodic independent evaluation etc.?)*

The following paragraphs describe the mutual accountability tools and mechanisms that have been established in Cambodia. Efforts to strengthen these initiatives are part of an on-going process that takes place at GDCC and TWG level.

### **Key features of mutual accountability mechanisms in Cambodia**

#### ***Mutual accountability tools***

##### **a) The Joint Monitoring Indicators**

A set of indicators, jointly agreed by Government and development partners, are identified by Technical Working Groups (TWGs), negotiated at the Government-Development Partner Coordination Committee (GDCC) and endorsed at the high-level dialogue meeting, the Cambodia Development Cooperation Forum (CDCF). Mutual JMI reviews are to be undertaken annually.

##### **b) National and sector review arrangements**

A provision is made for annual and mid-term review of the National Strategic Development Plan (NSDP) while each TWG identifies and jointly monitors progress

based on mutually agreed indicators. The more mature sector programmes (e.g. health and education) have well established joint review mechanisms.

### **c) Cambodia ODA Database and Aid Effectiveness Report**

The Paris Declaration identifies the need for enhanced sharing of information on development cooperation activities. Development partners now routinely up-date their information on the on-line ODA Database (<http://cdc.khmer.biz>) which allows for sector level coordination as well as supporting planning/budgeting and access to information for civil society. The Aid Effectiveness Report that is produced for the Cambodia Development Cooperation Forum meeting presents data and analysis for dialogue within and between Government, development partners and civil society.

### ***Mutual accountability processes***

#### **a) Technical Working Groups (TWGs)**

The principal fora for dialogue and mutual review of progress are the Technical Working Groups (TWGs), of which there are 19 representing all sectors, thematic areas and core reforms (including to address cross-cutting issues). Civil society representatives are active in most groups, which are chaired by Government and co-facilitated by development partner(s). TWGs are guided in their work by a 'Guideline of the Role and Functioning of the TWGs', produced by CRDB/CDC, which includes a provision for a joint review of progress. Each TWG is invited to identify a key Joint Monitoring Indicator and also establishes its own set of indicators to be jointly monitored by Government, development partners and civil society representatives in the TWG.

#### **b) Government-Development Partner Coordination Committee (GDCC)**

This meeting is held three times a year, and is chaired by Senior Minister of Economy of Finance and First Chairman of the Council for the Development of Cambodia (CDC). Senior Government officials and Ambassadors/Heads of Development Cooperation agree an agenda of important issues for dialogue. TWG Progress Reports are prepared for sharing at the meetings, which also oversees the annual JMI Review (which, in the future, will inform the review of budget support). Civil society representatives are invited to participate and they prepare statements that provide their own perspectives to be shared.

#### **c) Cambodia Development Cooperation Forum (CDCF)**

This provides the highest level of policy dialogue between Government and development partners, with civil society representatives also in attendance. Statements are exchanged as a prelude to dialogue on key development issues, progress on the JMIs is discussed and a new set of JMIs that is prepared by the GDCC is endorsed.

#### **d) Independent Reviews**

Based on analysis conducted for the Cambodia Aid Effectiveness Report, the Government has commissioned an independent review of technical cooperation, which comprises approximately 50% of total ODA. This 2007 study, based on a Terms of Reference that emphasised the independent nature of the review, provided an impartial and candid perspective on the practices of both Government and development partners. The findings will be used as input in the preparation of a Government guideline on the use of technical cooperation. Other such analytical work will be commissioned in the future, including a mid-term review of the H-A-R Action Plan, which is scheduled for the second half of 2008.