

**SESSION VI STRENGTHENED PUBLIC SECTOR MANAGEMENT THROUGH  
SUB-NATIONAL DEMOCRATIC DEVELOPMENT**

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on behalf of Development Partners  
at the  
CAMBODIA DEVELOPMENT COOPERATION FORUM**

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Excellencies, Ladies and Gentlemen:

On behalf of the development partners to the Royal Government of Cambodia, I am honoured deliver this presentation on sub-national democratic development to the 2008 Cambodia Development Cooperation Forum.

**Recognise achievements of decentralisation reforms**

Development partners recognise the important achievements made by the Royal Government of Cambodia with the creation of directly-elected commune councils in 2002 – a key milestone for lasting peace in Cambodia. The communes are critical because they are the lowest level of elected government, representing the voice of local people in articulating demands and commissioning services in rural areas where the vast majority of Cambodia's poor live.

This first step in Cambodia's process of democratic decentralisation has been widely successful. It has initiated the long-term process of deepening democratic development, improving uptake of services and increasing the legitimacy and authority of the government. We also recognise the importance of the increased representation of women in commune and sangkat councils and the commitment to mainstreaming gender in sub-national governance processes. However, the number and scope of functions assigned to the local level, as well as the amount of resources allocated to the communes and sangkats to deliver on the assigned functions, is still quite limited, so the full potential of the communes and sangkats is not yet realized.

Building on the communes' initial success, in 2005 the Royal Government put forward its vision for Deconcentration and Decentralisation with the adoption of the Strategic Framework for Decentralization and Deconcentration. And, with the passage of the Organic Law in April 2008, Cambodia is now embarking on the second phase of reform. This is expected to involve a significant devolution of power from the centre to the provincial and district levels to further improve sub-national democratic development, improve the delivery of basic services (health, education, roads, water and sanitation, etc) and strengthen the state's regulatory functions (land, forestry and fisheries). In the words of the Deputy Prime Minister, H.E. Sar Kheng, this next phase of devolution promises to be:

...the most profound and important constitutional development in Cambodia since the adoption of the Constitution in 1993.<sup>2</sup>

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<sup>1</sup> Swedish International Development Cooperation Agency

<sup>2</sup> Speech by H.E. Sar Keng, Deputy Prime Minister and Minister of Interior, at the meeting on Call for International Fund for the 2007 Commune Council Elections, Cambodiana Hotel, 8 June 2006.

### **Acknowledge significance of where we stand in respect of future D&D reforms**

Development Partners recognise the significance of the long-term vision in the Strategic Framework, which has been partly codified in two Organic Laws that have established sub-national authorities at Local, District, Province and Capital levels:

- Organic Law on the Administrative Management of Commune/Sangkat (2002), and
- Organic Law on the Administrative Management of Capital, Provinces, Municipalities, Districts and Khans (2008)

This is a watershed moment. The Organic Law of 2008 is a significant step in providing the legal framework for implementing the vision laid out in the Strategic Framework, and represents a major innovation that has the potential to change governance arrangements such as the reallocation of power and decision making over service delivery.

Over the next half-year, the National Programme for Sub-National Democratic Development will be formulated and adopted to guide implementation of the Strategic Framework and Organic Law over the coming ten years. In parallel, rules and procedures for new sub-national councils will be designed, and new district and provincial councils will be indirectly elected in May, 2009. The existence of elected Councils at Provincial, District and Local levels, which are empowered to oversee the operation of unified administrative structures and budget at each level, promises to change for the better the existing arrangements for democratic control and accountability. This is essential and welcomed.

One of the most critical issues for development partners will be the democratic governance arrangements and the mechanisms for allocating funds. For increased discretionary funding to be made available by development partners through government systems, it will be essential to safeguard that the governance mechanisms – particularly the role of the Councils – ensure that elected bodies can be held accountable to their constituencies for the decisions made.

### **Underline the crucial leadership role for the new National Committee for Democratic Development**

We recognise the importance of the Government's stated intention with the planned creation of the new National Committee for Sub-National Democratic Development – which we applaud. The new NCDD will need to play an important leadership role to ensure sub-national democratic development. We welcome plans for the Government of Cambodia to adopt the legislation necessary for the new NCDD to be a truly inter-ministerial body, since by their very nature D&D reforms involve all of government and each Ministry. It is therefore important that the new NCDD is in place and operational in the near future.

### **Welcome National Programme design and open, consultative process**

We would like to encourage the consistent participation of the Ministry of Economy and Finance, Ministry of Planning – and line ministries – in the National Programme Design process. We also encourage consistent participation of the Ministry of Women's Affairs in the design process towards establishing institutional mechanisms to support gender mainstreaming and respond to priority gender concerns at sub-national levels.

Fiscal decentralisation and Public Administration Reform are of central importance to the National Programme formulation process. Furthermore, sector ministries will need increased support to actively engage in the decentralisation and deconcentration reform process – and to understand the benefits of assigning functions and resources to the sub national level. Central ministries can be supported to strengthen their strategic and policy roles once operational responsibilities are decentralised, that links with the wider issue of building human resources and capacity at both the national and sub national levels.

The development partners appreciate and respect the importance of national ownership for the National Programme formulation process. The strategic approach to dialogue and communications where stakeholders – such as ministries, Parliament and civil society – are brought together at key points during the design process for information sharing, discussion and debate will help to facilitate this.

The development partners reaffirm their commitment of active engagement in the dialogue process. In line with the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) – the Royal Government development partners also confirm their commitment towards increased harmonisation and alignment with the National Programme – that will include the Development Partner Assistance Framework. This should lead to a reduction in separate reporting and monitoring frameworks thereby reducing the burden on government and strengthening national ownership.

### **Recommendations**

In conclusion, the Development Partners fully support the Government's policy on sub-national democratic development. In the words of H.E. Prime Minister Hun Sen on the effective implementation of the 2008 Organic Law:

“...especially the development and implementation of the legal and regulatory framework related to the transfer of power from the national to the sub-national administrations by clearly identifying roles, authority, power and accountability. ... Each ministry and agency should prepare concrete Action Plans for the delegation of power and functions to the sub-national levels.”<sup>3</sup>

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<sup>3</sup> Address by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, on "Rectangular Strategy" for Growth, Employment, Equity and Efficiency Phase II. At the first Cabinet Meeting of the Fourth Legislature of the National Assembly, Phnom Penh, 26 September 2008.

Based on this statement, and because the Organic Law and the reform process involve all of Government and each Ministry, the Development Partners would like to make the following recommendations:

**Recommendation one:**

*Each of the Technical Working Groups (Health, Education, Public Financial Management etc) should regularly report on preparations for implementation of the D&D reforms. For example, the Education TWG has established a D&D subgroup which is a very positive step. The individual TWGs are well placed to deal with the work involved in functional review, analysis and assignment. Each individual TWG should incorporate into their work plans for the next year the specific work involved in the D&D reform, including implementation of line ministry gender mainstreaming plans at sub-national levels, setting some targets; Progress should be discussed and reported on at each TWG meeting and quarterly at the GDCC.*

**Recommendation two:**

*A well planned consultation between the Royal Government (Ministry of Economy and Finance, Ministry of Planning, NCDD, Sector Ministries) and Development Partners – on the Royal Government's plans for 2010 budget allocations at Province, District and Commune/Sangkat level, and the related level of donor support being sought within the National Programme Donor Assistance Framework – should take place no later than April 2009 – ahead of 2010 national budget formulation.*

***The development partners would welcome a response from The Royal Government of Cambodia on these two recommendations.***

**Conclusion**

Let me close by saying that, on behalf of the development partners, we are pleased to be a part of this ambitious reform process of sub-national democratic development. Development partners are acutely aware that the Deconcentration and Decentralisation reform process is a long term endeavour. We believe that by working together we can increase democratic accountability and further reduce poverty in the years ahead while strengthening governance at all levels.