

**Session IIIA Sub-National Democratic Development Reform**

**Delivered by Mr. Rafael Dochao Moreno, Chargé d'Affaires EU Delegation  
On behalf of Development Partners at the  
3rd CAMBODIA DEVELOPMENT COOPERATION FORUM  
Phnom Penh, June 2, 2010**

*Excellency Keat Chhon, Deputy Prime Minister and Minister of Economy and Finance,*

*Excellency Sar Kheng, Deputy Prime Minister and Minister of Interior,*

*Excellencies, Ladies and Gentlemen,*

I am honoured to present this statement on Sub-National Democratic Development, on behalf of Development Partners to the Royal Government of Cambodia.

I would like to *first* share some remarks on the progress of the Sub-National Democratic Development (SNDD) reform, and *second* focus on policy areas that – from the perspective of Development Partners – require urgent progress.

**1) Context and recent progress in SNDD reforms**

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Development Partners welcome substantial progress made by the Royal Government of Cambodia (RGC) in implementing the Sub-National Democratic Development reform since the passage of the Organic Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans. Much has been achieved since we last met in this Forum back in December 2008.

The 10-year National Programme for Sub-National Democratic Development (NP-SNDD) has been finalised and approved; a three-year Implementation Plan is under development; common agreement has been reached on developing a Programme-Based Approach to SNDD; following elections in May 2009, Councils have been established at Sub-National levels; several regulations have been adopted to advance in the implementation of various aspects of the reform.

All these elements contributed to strong foundations upon which to build the reform, with the aim of strengthening democratic accountability, fostering local development and achieving sustained poverty reduction throughout Cambodia.

**The National Programme and 3-years Implementation Plan**

Development Partners would like to take this opportunity to congratulate the Government on the preparation of the 10-year National Programme. The National Programme has been finalised with broad consultation, and has now been approved by the National Committee for Sub-National Democratic Development (NCDD) and by the Council of Ministers.

**Session IIIA Sub-National Democratic Development Reform**  
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As reflected in the new Joint Monitoring Indicator, the challenge ahead is to move from framework to action, acknowledging that the national programme outlines a reform over ten years, but recognizing too that early progress is critical to ensure reform momentum. It will be very important that next steps involve all of Government through a well-coordinated approach. The 3-year Implementation Plan should serve as a first platform to put the NP-SNDD into action. We look forward to its elaboration and entry into force.

**DPs' support to a Programme-Based Approach (PBA)**

The 2010 Cambodia Aid Effectiveness Report reaffirms that the Programme-Based Approach (PBA) is the Government's preferred means of 'strengthening ownership, promoting more coherent and sustainable capacity development, and integrating all resources in a comprehensive medium-term sector strategy that is aligned with national development goals'.<sup>1</sup>

With the overall objective of good local governance and sustained local development, Development Partners will work together to support the NP-SNDD in building capacity of institutions; supporting the development of policy, legal and regulatory frameworks that define and enable the decentralisation reform process.

Development Partners strongly support a PBA to SNDD and will work together towards this. We will support Government in the development of a PBA that is based on trust and alignment of vision, values and actions.

**2) Critical issues**

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*Excellencies, Ladies and Gentlemen,*

Development Partners echo the sentiments of Samdech Prime Minister Hun Sen when he stated that "...reform is the matter of life or death for Cambodia. In this sense, Cambodia has no other choice than continuing with firm and conscientious implementation of all needed reform programs."<sup>2</sup>

Development Partners would like to highlight some issues that emerge as critical in order to ensure that SNDD reforms advance, and that they advance in the spirit of the Cambodian Constitution and the Organic Law.

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<sup>1</sup> The Cambodia Aid Effectiveness Report 2010. Prepared by the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia for Third Cambodia Development Cooperation Forum (CDCF). Draft version Tuesday 20 April 2010.

<sup>2</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

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**1. SNDD work strengthened across sectors and line ministries**

“The Royal Government expects that each Ministry will try its best to attach itself to the policy of decentralisation and deconcentration and the Organic Law and abide by high responsibilities in implementing this policy and law.”<sup>3</sup> Although this is a critical element of the reform agenda, progress in terms of the involvement of the line ministries and agencies has been modest: sector level action is urgent.

On the one hand, NCDD efforts to communicate the objectives and significance of the SNDD reform to line ministries need to be intensified and deepened. It is also urgent **to design and agree upon a coherent strategy for the identification and transfer of functions** from national government to sub-national authorities.

On the other hand, Development Partners are committed to work together with the RGC to make sure that **individual TWGs are mobilised and undertake the specific work required in each sector to move the SNDD reform agenda forward**. On our side, we recognise the critical importance of aligning our ongoing and future sector support (health, education etc) to the SNDD reform.

**2. Resource allocation to Sub-National Authorities**

The decentralization of new and additional responsibilities on Sub-National Authorities needs predictable and appropriate financial and personnel resources. These resources are needed to start up the process and to sustain it over time.

In order to be able to fully align their support with the plans of the Royal Government on the critical issues of financing, Development Partners seek enhanced dialogue with NCDD, and the Ministry of Economy and Finance, on **modalities and a timeline for predictable and, where appropriate, discretionary financing for sub-national authorities**. Development Partners would welcome an update on progress in this crucial area.

On the questions regarding human resources, Development Partners seek to extend the dialogue with the Council for Administrative Reform on how civil servants can eventually be transferred to or employed by Sub- National Authorities.

Linked to the future role of the Sub-National Authorities, Development Partners wish to express their expectation that the Government will continue to focus this reform around strengthening the

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<sup>3</sup> Keynote Address at the Dissemination of the Sub-National Democratic Development Process under the Law on the Administrative Management of Capital, Provinces, Municipalities, Districts/Khans. At the Chaktokmuk Conference Hall, 28 January 2009.

**Session IIIA Sub-National Democratic Development Reform**  
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discretion and decision making power of the Councils with particular emphasis on the Commune and Sangkat Councils as the directly elected representatives.

**3. *Inter-linkages between the three public sector reform agendas.***

As we all know, the Royal Government is simultaneously undertaking three parallel reforms under the umbrella of the Rectangular Strategy Phase II. Each of these major reforms – the Sub-National Democratic Development, Public Financial Management (PFM) and Public Administration (PAR) reforms – implies major changes across the whole of Government. These reforms are largely interdependent, in the sense that success in one of them influences progress in the others.

Development Partners would appreciate a **clear statement from the Royal Government on its overarching strategy to implement these three reforms in a coordinated manner**, and on expectations of the roles to be played by development assistance within this overarching strategy.

*Excellencies, Ladies and Gentlemen,*

In conclusion, we, the Development Partners, are committed to working with the Royal Government of Cambodia to ensure progress in the SNDD reform, which we consider critical to good governance and sound local development across Cambodia. We are committed to facilitate further coordination of the SNDD, PFM and PAR reform processes; to strengthen our partnership around a PBA in support of sub-national democratic development; and to support the assignment of functions and resources to Sub-National Authorities.

Thank you for your attention.