KINGDOM OF CAMBODIA

NATION RELIGION KING

THE FIRST THREE YEARS IMPLEMENTATION PLAN (2011-2013) OF NP-SNDD (IP3)

30th NOVEMBER 2010

PREFACE

This Implementation Program 2011 – 2013 (IP3) represents the latest step taken by the RGC on the road towards implementing its policy of Sub-national Democratic Development, and so realizing its goal of reducing poverty through local development. The Sub-national Democratic Development policy was set out in 2005 in the Strategic Framework for Decentralization and Deconcentration Reforms; the legal framework was established by the Organic Law in 2008; and the reforms set in motion with the election of sub-national councils at the Capital/Provincial, District/Municipal/Khan levels in May 2009.

The Organic Law also established the inter-ministerial National Committee for Democratic Development (NCDD) to oversee the implementation of Sub-national Democratic Development reforms, and specifically to develop a 10-year National Program to give effect to the Organic Law and to implement the RGC's D&D policies and strategies. The NCDD developed the National Program for Sub-National Democratic Development 2010 – 2019 (NP-SNDD), and this was approved by the RGC in 28th, May 2010.

The NP-SNDD was officially launched in 9th, August 2010 at a national forum presided over by **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of Kingdom of Cambodia**.

The NP-SNDD was developed in a broadly participatory manner, including a series of policy dialogues involving government ministries, SNA councillors and officials, civil society organizations and development partners. The process was necessarily time-consuming, but it has ensured that the program was broadly based and accepted. The NP-SNDD sets out the broad policy directions, long-term goals and objectives and road map for implementing the reform agenda for the next ten years.

This IP3 elaborates further on the key concepts, policies and strategies of the NP-SNDD and goes on to explain clearly, in greater detail, the program of reform for the next three years. This increased specificity is required to guide implementers and supporters through the critical early years of the reforms.

Each year a detailed Annual Workplan and Budget (AWPB) will be developed. These AWPBs will be based on the IP3, but will also take into account progress achieved and opportunities that arise in the course of implementation so that we can set realistic targets in the light of experience, capacity and available resources.

For 2011, given the prolonged IP3 design process, the AWPB will necessarily include considerable orientation and preparatory activities in order to establish the program structure, program governance arrangements and program management arrangements. The Royal Government of Cambodia and its Development Partners have expressed strong support for

adopting a program based approach which will need to be developed in the first half of the year. Initial funding has been committed by the government and development partners and more substantial funding is expected to be available following a formal joint appraisal in early 2011.

Sub-national Democratic Development reform is a long-term and complex undertaking and we expect to meet and have to overcome obstacles along the way. Learning from international experience we deem it prudent to move these reforms step by step, learning and adjusting as we implement. Our approach can be categorized as incremental, and NCDD is committed to a process of 'learning by doing' This IP3 therefore should be seen as a living document, that will be amended as necessary in light of experiences over the next three years. A formal process of joint review and amendment is built into the IP3, and this will inform our thinking in developing the IP3 for the years 2014 – 2016.

This IP3 document was approved by NCDD in its 5th meeting on 30th November 2010.

Phnom Penh, 08th December 2010

National Committee
for Sub-national Democratic Development
Chairman

SAR KHENG

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ADB   Asian Development Bank
ALC   Action-Learning Cycle (Experiential learning)
AOPB   Annual Operational Plan and Budget
AWG   Accountability Working Groups
AWPB   Annual Work Plan and Budget
BOG   Board of Governors
CBO   Community-based Organisation

CSO	Civil Society Organisation
CBA	Competence-based assessment
CBA	Cost-benefit analysis
CD	Capacity development
CDB	Commune Database
CDPD	Commune Development Planning Database
CS	Commune/Sangkat
CSF	Commune/Sangkat Fund
CMDG	Cambodian Millennium Development Goals
CSO	Civil Society Organisation
DANIDA	Danish International Development Agency
DDLG	Democratic and Decentralised Local Governance
D&D	Decentralization and Deconcentration
DLGG	Demand for Local Good Governance
DLF	Department for Local Finance (MEF)
DM	District/Municipality
DMF	District/Municipality Fund
DMK	District, Municipality and Khan
DP	Development partner
EIRR	Economic rate of return
EUD	European Union Delegation
EU-SPACE	EU Program to Support Participation and Civic Engagement
ExCom	Executive Committee (Provincial level)
FMS	Financial Management System
FRIP	Functional reassignment Implementation Plan
FSA	Financial Services Adviser
GDI	General Directorate of Inspection
GRB	Gender-responsive Budgeting
GTZ	German Technical Assistance Agency
HR	Human resources
HRM	Human Resource Management
HRMIS	Human Resource Management Information System
IBO	Institution-building Office (of NLCS)
IFMS	Integrated Financial Management System
IO	International Organization
IP3	First three-year Implementation Plan of National Program
ISO	International Standards Organization
IT	Information technology
LED	Local Economic Development
M&E	Monitoring and Evaluation
MBPI	Merit-based Pay Initiative
MDG	Millennium Development Goals
MEF	Ministry of Economy and Finance
MIS	Management Information System
MOI	Ministry of Interior
MOP	Ministry of Planning
MLMUP	Ministry of Land Management and Urban Planning
MTEF	Medium-term Expenditure Framework
NAA	National Audit Authority
NCD	National Contracts Database
NCDD	National Committee for Democratic Development

NCDD-S	Secretariat of NCDD
NGO	Non-governmental Organisation
NLCS	National League of Commune/Sangkat Councils
NO	No Objection
NP	National Program (for Sub-national Democratic Development)
NP-SNDD	National Program for Sub-national Democratic Development
NPA	National Program Adviser
NPIA	National Program Implementation Agreement
NRM	Natural Resource Management
OD	Organisational Development
OL	Organic Law
OSR	Own-source revenue
PA	Public Administration
PBA	Program Based Approach
PFA	Provincial Financial Adviser
PFMRP	Public Finance Management Reform Program
PFMSC	PFMRP Steering Committee
PID	Projects Information Database
PSD	Program Support Division (of NCCD-S)
PSDD	Program to support Democratic Development
PMS	Performance monitoring system
POC	Priority Operating Costs (scheme)
RGC	Royal Government of Cambodia
SIDA	Swedish International Development Agency
SDF	Spatial Development Framework
SMART	Specific, Measurable, Achievable, Relevant, Time-bound
SN	Sub-national
SNA	Sub-national Administrations
SNDD	Sub-national Democratic Development
SNIF	Sub-national Investment Facility
SP	Sub-Program
SPIA	Sub-program Implementation agreement
SSCS	State Secretariat for Civil Service
SSD	Social Services Delivery
STA	Special Training Adviser
STWG	Sector Technical Working Group
TA	Technical Assistance
ToRs	Terms of reference
TRG	Technical resource Group
TWG	Technical Working Group
UN	United Nations agencies
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
UN family	United Nations Agencies
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
WB	World Bank
WG	Working Group (of NCDD Policy Sub-committee)

Part 1
OVERALL FRAMEWORK OF IP3

1. INTRODUCTION

1.1. Purpose of the document

This document sets out the Royal Government of Cambodia's (RGC) first three-year implementation plan (IP3) covering the first period (2011 to 2013) of the 10-year National Program (NP) of Sub-national Democratic Development (SNDD).

The IP3 focuses on (a) the establishment, governance, functioning and oversight of Sub-national Administrations (SNA), starting with Districts and Municipalities; the effective and efficient support and cooperation between Districts/Municipalities and Commune/Sangkats in order to further strengthen the capacity and ownership of Commune/Sangkats; and the capacity development of the Capital and Provinces and (b) the completion and further development of the overall policy and regulatory framework.

The IP3 will be executed by the National Committee for Democratic Development (NCDD) through its Secretariat (NCDD-S).

1.2. Process of preparation

Draft One of the IP3 has been prepared by the NCDD-S based on the conceptual framework and chosen options set out in the IP3 Outline (March 2010).

The core ministries and agencies responsible for implementation of the IP3, namely, Ministry of Interior (MOI), Ministry of Economy and Finance (MEF), Ministry of Planning (MOP), the State Secretariat for Civil Service(SSCS) and the National League of Commune/Sangkat Councils (NLCS) have been involved in the preparation of the relevant sections of this document.

An earlier version, Draft Zero (August 2010) was circulated and discussed with core Ministries and Development Partners (DPs) in September 2010.

1.3. Structure of the document

The document consists of two parts: the main document sets out the overall Program framework while the second part describes in more detail each of the sub-Programs.

The first half of the main document begins by re-stressing that the vision of the RGC on the National Program for Democratic Development at Sub-national level, which defined the National Program, is about both political and administrative reform as well as the promotion of both local governance and local development (Section 2).The Government's understanding of the National Program is set out (Section 3), and the Program vision (Section 4) and associated capacities (Section 5) presented, leading to the definition of the Program in terms of its purpose, goal, outputs and rationale (Section 6).

The latter half of the main document describes the IP3 approach to the programming of human resources, capacity development and funding for SNAs (Section 7), followed by the proposed arrangements for program management (Section 8), monitoring and evaluation (Section 9), and the total cost of the Program (Section 10).

Finally, the underlying assumptions and risks of the Program are presented (Section 11) and the overall logical frame presented (Section 12).

2. PURPOSE OF THE REFORMS

2.1. Political and Administrative reform

For the Royal Government of Cambodia (RGC), the decentralisation reforms have three dimensions: political, administrative, and fiscal.

Democratic development can be facilitated by a reform of the sub-national public administration, but, to really happen, it requires *effective institutions of political representation* and genuine *civic engagement*, as well as an effective distribution of functions and related public resources among the different levels (tiers) of the public sector.

The National Program (NP) intends to strengthen, therefore, both the institutions of local democracy and the capacity of sub-national administrations. It should establish systems and capabilities that make (i) Councils accountable to citizens and able to articulate local development policies and (ii) executive and administrative structures accountable to Councils and able to effectively implement such policies.

The Councils, as policy-making bodies, require autonomous powers, discretionary resources and effective control over executive and administrative structures that are accountable to them and can implement their policies. However, they also, and critically, need operating procedures that facilitate civic engagement and evidence-based deliberations. In other words, they must function as structures of effective political representation.

In this respect, the periodic electoral contests are the means of forming democratic councils. However, between elections, councils will engage in problem-focused deliberative processes that aim at building consensus amongst Councillors of different political orientation to produce well-informed decisions, impersonal in form and based on understanding gained from engagement with stakeholders (interest groups and affected individuals) and information (evidence) regarding actual problems and feasible solutions.

These arrangements are partially in place as a result of laws and sub-decrees already enacted, but considerable work is still required to finalize structures and processes and to build capacity for effective political representation at sub-national level.

As important as political reform, and to make the political reform effective, the newly created SNA especially the Districts, Municipalities and Khans require management systems and capacity to implement Council decisions.

2.2. Local governance and local development

The aim of the National Program is Sub-National Democratic Development (SNDD). This is defined in the Lexicon of the Organic Law[1].

It would be restrictive to interpret "sub-national democratic development" as an "improvement of citizen welfare", ignoring the changes in sub-national governance needed to bring about such improvement. Equally, it would be restrictive to understand "sub-national democratic development" as limited to the "development of sub-national democracy", ignoring the changes in the volume and allocation of resources necessary to improve the welfare of sub-national communities.

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[1] Law on Administrative management of the Capital, Provinces, Municipalities, Districts and Khans.

The development of the democratic institutions of local governance, both political and administrative, is the primary objective of the National Program. The RGC values this objective, in and by itself. Yet, democratic local governance is also seen as a critical condition to achieve the further objective of genuine local development, i.e. the improvement of citizens' welfare through better service delivery, improved natural resource management and increased local economic development and employment opportunities.

In the RGC's vision, the link between improved local governance and genuine local development is provided by the concepts of local autonomy, within a regulatory framework based on legality controls.

The RGC understands that genuine local development requires the exercise of local autonomy associated with democratic local governance institutions. Such autonomy is critical to allow sub-national Councils and administrations (i) to develop and implement their own local policies, Program and projects and (ii) to adjust to local realities the national Program that they are called to implement. Local autonomy, under Law and within a unified state, is key to both mobilizing the additional resources of social, institutional and financial nature of the localities, and to improving the developmental impact of the resources transferred by the central government.

However, local autonomy does imply a change in the nature of the relationship between levels of government, from one of administrative and bureaucratic control to one of local democratic accountability and national oversight through a system of legality controls (including process regulations and technical standards) and the use of higher level strategic plans to inform and coordinate investment and activities of sub-national administrations.

Finally, in order to realise this vision of SNA, based on autonomous and democratic development principles, functioning within a system of regulatory oversight and strategic coordination, there is a need to complete the policy and legal framework and to extend the reforms across the whole of government.

3. THE NATURE AND CHALLENGES OF THE REFORMS

3.1. Reorganization of the SN system of governance and public administration

3.1.1. Differences between the Provincial (strategic) and Local Levels

Cambodia is a unitary state in which Sub-national Administrations[2] have been established at Provincial, Capital, Khan, Municipal and District levels by the Organic Law on Sub-national Administrations (2008). When these are considered together with the Commune/Sangkat Councils established by the Law on Commune/Sangkat Administrations (2001), two general types of sub-national governance and administration systems emerge: provincial administrations and *local* systems (for Capital, Municipal and District levels). Local systems consist of two 2-tier systems (District–Commune/Sangkat and Municipality-Sangkat) and one 3-tier system (Capital–Khan/Sangkat).

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[2] In Cambodia, the expression "sub-national administration" actually covers all three components constitutive of a sub-national authority: (i) an elected policy-making Council, (ii) an appointed Executive Governor and Board of Governors and (iii) an appointed administration headed by a Director. [Anukrets refer only to the first two, but the third could be assumed as implicit.]

Table 1: Administrative Structure

System Type	Sub-Type	System Components	Number
Provinces		Provinces	23
Local	*Metropolitan*	Capital-Khan-Sangkat	1
	Urban	Municipal-Sangkat	26
	Rural/Mixed	District-Commune/Sangkat[3]	159

While legislation tends to stress the commonalities of structures and systems among SNA at all levels, the RGC is aware of the need to differentiate and clarify, through appropriate assignments of services delivery and regulatory functions, as well as the establishment of integration, cooperation and oversight mechanisms, the respective roles of the provincial and *local* types of systems.

The reforms set in motion by the Organic Law start to move away from a hierarchically-organized State administration. Under the old system, the qualitative differences between Provinces and District were not an issue, because the District was both an administrative and a territorial unit of the Province. Under the new system, Districts/Municipalities are autonomous administrations, with their own mandate and funds. The role of the Provincial administration with regard to Districts/Municipalities is, therefore, to (i) provide a strategic framework within which Districts/Municipalities can make local plans and take local decisions, (ii) put in place and maintain appropriate and enabling mechanisms for the oversight of human resources and (iii) build the capacity of local systems to function efficiently and effectively.

Provinces/Capital, Municipalities/Districts and Communes/Sangkats have different roles and comparative advantages which should be reflected in the assignment of different responsibilities and resources.

The strategic intention of the decentralisation reform process in Cambodia is to, gradually but decisively, transfer to Districts/Municipalities and their constitutive Communes and Sangkats the bulk of service delivery responsibilities, while strengthening provincial capacities for strategic planning and investment as well as for provision of effective support and oversight of District/Municipality administrations. Recognizing and clarifying this qualitative difference between provincial and local systems of governance and public administration is therefore critical to understanding RGC policy.

The RGC's vision of the Cambodian sub-national system of governance and public administration is one in which *there is an important role for both provincial and local systems*.
The RGC is keenly aware that the most urgent task is that of structuring the District/ Municipality systems created by the Organic Law and building their capacity. This task must be addressed as a priority since, without this capacity, it will be difficult to move forward, especially cooperation with the Communes/Sangkats in order to further strengthen their capacity also. In the event that D/M have insufficient capacity, it will impact negatively on the functioning of the entire sub-national system.

So, while the National Program supports the development of *all* sub-national administrations, (including Provinces and the Capital[4]), the focus of the IP3 is on Districts/Municipalities, as the starting point for the development of the entire sub-national system of governance. However, the

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[3] Refer to Sangkat within the district (Article 5 of Organic Law) which has not been established yet.
[4] For the Capital (Phnom Penh) Law sets up an integrated system that expands the municipal model to higher level which is Capital council-Three local tiers.

IP3 also recognizes the Commune/Sangkat as an important administration level (source of political power of SNA) which should be further strengthened. In addition M/D require to be strengthened its capacity for its new roles and responsibilities. This is summarized below.

3.1.2. Urban and Rural Systems

With respect to the *District and Municipal* systems, the Organic Law clearly sets the stage for their integrated functioning, even if it also adopts different approaches with respect to the relationship between higher and lower level Councils, in *urban* and *rural* areas.

In the *urban* sector, the Organic Law[5] explicitly subordinates Khan and Sangkat Councils to the Capital and Municipal Councils, which should "*manage and supervise them*". Yet, the Law also stresses the need to safeguard the role and powers of Khan and Sangkat Councils and calls on Capital and Municipal Councils to delegate to them "*functions and duties to establish promote and sustain democratic development*". The rationale of such provisions is the need to secure a unified management of most infrastructure and services in urban settlements, while ensuring that local communities are consulted and can participate in both policy choices and implementation.
In the *rural* sector, on the other hand, the Law[6] establishes an explicit *downward accountability* relationship between District Councils and their constitutive Commune and Sangkat Councils. The rationale is that, while directly elected Commune and Sangkat Councils are the primary source of legitimacy of district-level governance arrangements, their potential as fiscally and functionally viable units for delivery of most public services delivery remains limited. This opens the way for District administrations to help develop and implement policies and Program identified and funded by Commune/Sangkat authorities and, simultaneously, requires that Commune/Sangkat Councils are enabled to voice their interests and actively participate in District-level policy making and resources allocation.

Key issues are, therefore, to ensure that (i) the District Councils' accountability to Commune /Sangkat Councils are real and beyond the generic requirements of mutual consultation, and (ii) the integrated nature of the Municipal systems, as foreseen by the law, can be implemented while safeguarding the Sangkats' voice in local policy-making. Innovative solutions, including the setting up of joint consultative and deliberative organs of District/Commune Councils and Municipality/Sangkat Councils will need to be devised and implemented.

3.2. Establishing the Authority of the Councils as Accountable Decision-Makers

Democratic development, as was stated earlier, involves the accountability of (i) Councils to citizens and (ii) administrations to Councils, within (iii) an overarching legal framework and a system for central oversight of the legality of the acts of sub-national Councils.

Accountability of Councils to citizens is exercised through periodic elections, through engagement of the Council with other councils, communities, civic organizations and civil society, through legal arrangements (requiring decisions to be registered and recorded), and due process (financial record keeping, etc.), through access of citizens and civil society's organizations to decisions and budgets (public access to information), and through the establishment of separate and independent mechanisms for redress and enforcement.

Sub-national Councils must be empowered to make decisions on behalf of, and in the interests of, the citizens within their jurisdictions. This requires the development of procedures for the conduct of Council's affairs which both allow and require Councils to set agendas, examine

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[5] Chapter 2, Section 8 and 9, Article 106-113
[6] Chapter 2, Section7, Article 98

evidence and review previous performance, engage with civil society and interest groups, deliberate among themselves and reach decisions.

Associated with these democratic checks and balances, there is also a need for the State to provide guidance, undertake audits and exercise effective legality controls on the acts of the Councils. These controls should not be so narrowly defined and exercised as to remove all discretion and space for autonomous decisions from Councils, as this would turn sub-national Councils simply into appendices of the State administration and make them both powerless and unaccountable.

With regard to the accountability of administrations to Councils, this must be secured by clearly delimiting the respective membership and roles of these bodies. Practical arrangements should reflect the principle that the responsibility for making and overseeing the implementation of local policies, Program and projects, is a responsibility of the Councils, rather than of purely administrative or mixed structures. Only if such responsibility is squarely assigned to Councils will citizens be able to hold to account their elected Councils for their performance in promoting sub-national democratic development. Councils must exercise this accountability in order to establish and ensure their local autonomy.

The requirement of local autonomy has major implications not just for governance and decision-making but also for the way in which human resources are managed (Section 3.2, below) and SNA are resourced (Section 3.4), plan and execute their policy decisions.

Planning is a process that informs councils – provides information and evidence which councils must use, together with the information gained from civic engagement and in deliberation amongst themselves to reach a formal decision in the form of a policy, local order (regulation) or budget (allocation of resources). The Councils are the sole body responsible for reconciling competing demands and reaching a consensus around collective choices and local development policy. This role cannot be delegated from the Council to the local administration or Board of Governors.

Administrations, on the other hand are responsible for executing these decisions. This also involves planning, but at an operational level. Administrations must consult and work with citizens and lower authorities in the execution of Council decisions. As well as planning, the Administration must manage funds and the contracting of providers of goods, service and works. An important task for the Administration is to monitor and track progress in the implementation of previous Council decisions and to review and feedback this information to the Council to inform future decisions.

Finally, the Administration has a role to inform the Council of the legal scope of their powers and the administrative requirements of higher-level authorities as presented in law and sub-decrees. This does not absolve the Councils of their legal responsibility for their decisions, but ensures that Councils make decisions in the full knowledge of the legal and administrative requirements.

A major component of the NP and of the IP3 is, therefore, concerned with developing the institutions and capacity for Councils to work as effective structures of political representation and for the executive and administrative arms of the sub-national administrations to account to the Councils for their actions in facilitating the development and implementation of local policies for sub-national democratic development.

3.3. Mandates and functions of SNAs

3.3.1. The General Mandate (Permissive Functions) of SNAs

An important distinction must be made between the SNA's "*general mandate*" and their "*specific responsibilities.*" Newly established SNAs, as well as Commune/Sangkat, have been assigned, by the respective constitutive Laws, a general mandate for the welfare of citizens in their constituencies that comes before any delegation or assignment of specific functions. Under this general mandate, their ability to undertake a whole range of *permissive* functions is recognized.

The scope of the general mandate should only be constrained by the requirement that the SNAs operate within the boundaries of national laws. Under such a mandate, an SNA may autonomously act to:
- Develop and enforce local regulations on a wide range of economic and social matters;
- Promote local economic development in partnership with private and community organizations;
- Secure social protection services for the poorest and most vulnerable in their constituencies;
- Co-finance or co-produce services managed by national agencies;
- Develop and maintain infrastructure not classified as the exclusive responsibility of other agencies; and
- Undertake any other task in the interest of the welfare of their communities, from which they are not explicitly excluded by national law.

The general mandate of different levels of SNA is supported through inter-governmental fiscal transfers. In the case of:
- Communes and Sangkats, this general mandate is already supported by transfer of discretionary resources via the Commune/Sangkat Fund (CS Fund);
- Provinces and the Capital, a system of negotiated appropriations from the State budget is already in place, (although the system needs fundamental rethinking for the sake of equity and transparency); and
- District and Municipals are new creations of the Organic Law, and have not so far received any budgetary support, other than for salaries and council allowances. As prescribed in the Organic Law, a discretionary transfer mechanism, based on a transparent formula, will be established under the IP3, starting from financial year 2011.

As a result, the local autonomy of SNAs does not challenge the (obligatory) mandates of National Ministries. Initially, the IP3 focuses on SNA capacity with regard to the general mandate or 'permissive functions' of the SNAs. Over the life of the IP3, reassignment of the obligatory functions of national Ministries to SNAs will be subject to agreements between the Ministry and the SNA that define the 'discretionary' scope of SNAs with respect to these functions and include the necessary capacity development and transfer of resources.

3.3.2. Obligatory Mandates and Functional Reassignment

The RGC wishes to transfer powers and functions from the central sectoral Ministries to Sub-national Administrations through an orderly and systematic process and in a manner that promotes democratic control/oversight and ensures effective service delivery. The reassignment

of public sector service delivery responsibilities and local-level regulatory powers is, therefore, a central objective of the National Program.

The Organic Law requires that sub-national administrations *move beyond their general mandate* and are also assigned specific functions of services delivery, for which the central State administration is currently responsible. Again, it will be at District and Municipal level that moving forward with functional reassignments and combining the SNA's *general mandate* with a new set of *specific services delivery responsibilities* may have the greatest impact on the whole system of sub-national governance.

When the accountability of Districts to Communes/Sangkats and the Municipal delegation of implementation responsibilities to Sangkats, both of which mandated by the Organic Law, are made real, and progress is also made on the assignment of specific sector development responsibilities to Districts/Municipalities, Communes/Sangkats, the result will be a major step forward in democratic governance. Further, directly elected Commune/Sangkat Councils should gradually assume an increasing role in policy-making and implementation (i.e. the *core public sector business* of public services delivery) and, therefore, not be confined to just the delivery of small-scale infrastructure projects.

The above process would obviously have to be complemented by a parallel movement at provincial level towards: (i) greater de-concentration of responsibilities and resources for services delivery from the National Ministries to their provincial departments or to provincial administrations; and (ii) a simultaneous strengthening of the Provincial SNAs' capacity for comprehensive strategic planning and for coordination of Line Departments with respect to the preparation and delivery of sector-specific service delivery programs. In sum, the first step in a medium term process of functional reassignment will include, in most cases, a combination of provincial de-concentration and municipal/district delegation.

The IP3 sets out a roadmap and process for the identification of the service delivery functions that can be de-concentrated, delegated or assigned to SNA at provincial and local level. This requires the effective involvement of sector ministries (NCDD members) to develop the required policy and legal framework of sector specific decentralisation reforms. To this end, the relevant NCDD sub-committees and ministerial D&D Working Groups will need to be re-activated and resourced.

Implementation will necessarily vary from sector to sector, but, in most cases, functional reassignment can start with the piloting and country-wide replication of *deconcentration* arrangements at Province-level and contractual *delegation* arrangements at District/Municipal and Commune/Sangkat levels. Under the latter, Districts/Municipalities and Communes/Sangkats will act as autonomous bodies executing national ministry Program. They will assume full responsibility for delivery of services that, initially, will continue to be funded and overseen by the concerned sector Ministries and their provincial departments. In the process, Districts / Municipalities and Communes/Sangkats will adjust the services delivery process and standards to local realities, improving the efficiency of the services and, thus, building their own capacity to deliver them.

3.4. Policy and Vision for SNAs Requires a "Whole-of-Government" Effort

The National Program was approved by the Council of Ministers on 28th May 2010 and launched on 9th August 2010. This is a major step forward in securing a government-wide commitment to the implementation of the National Program. However, in Cambodia, as

elsewhere in the world, the implementation of democratic decentralisation reforms remains a highly contested and politically difficult process.

The RGC has set the vision, the policy directions and the basic legislation to guide and initiate democratic reforms through the Organic Law on SNA and the National Program but, as implementation challenges arise, consensus on how to tackle them must be built at each step of the way.

The building of such consensus is essential, since moving forward with decentralisation reforms is a "whole-of-government" effort. No single Ministry can carry alone the burden of the reform implementation process. In particular, the National Program and its IP3 should neither be, nor be perceived to be, a Ministry of Interior (MOI) Program. It must be genuinely inter-ministerial and, beyond the ministries, also mobilize and involve sub-national administrations and civil society actors.

4. THE PROGRAM VISION

4.1. Vision

The vision of the IP3 is of 'democratic decentralisation', based on the Organic Law and the National Program. The vision, essentially, comprises twin and equally important objectives of promoting (i) genuine *local governance* and (ii) good *local development.*

Local governance relates to the focus of the OL and NP and mirrors the national commitment to good governance. Governance is:

> *"the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement collective decisions— achieving mutual understanding, agreement and action."*

As was stated earlier, a genuine system of "local governance" and democratic accountability requires both political and managerial capacity:

- Political capacity refers to the nature and quality of representation, deliberation and civic engagement, transparency, and the means to assess/measure results
- Managerial or administrative capacity refers to the internal functioning of the SNAs. This includes the nature and quality of internal administration and intra administration, capacity to deal with the public, budgeting and planning, financial management and procurement, oversight of contracted-out service delivery, HR management, asset management as well as monitoring and reporting.

Local development relates initially to the general mandate (i.e. the permissive functions) of the autonomous SNA. As such, it is important to distinguish:

a). **'national development at the local level'** relating to national Programs and mandates which are implemented and achieve results at the local level, but for which responsibility remains with the national Ministries. As the capacity of the SNA are developed these national functions will be gradually reassigned to the SNA, firstly as delegated functions and then as obligatory functions; and

b). genuine **'local development'** relating to the autonomy of SNA Councils to decide, plan and implement their own Programs, using human and financial resources under their control. This is the primary focus of the first 3-years of the NP and the IP3.

Democratic decentralisation, once the accountability system is functioning and the capacities have been developed, should result in:

a). Improved voice for citizens, through easier access to local representatives with authority and powers over local administrations;

b). Increased employment and livelihood opportunities, through stimulation of the local economy; and

c). Better, more appropriate and fairer allocation of social services, through greater understanding of local needs.

4.2. Focus of IP3

The immediate focus of IP3 is on establishing and developing the capacity of Districts and Municipalities as institutions for both local governance and local development in order to strengthen cooperation with Communes and Sangkats consisting of:

1. a **policy and legal environment** that shapes and supports the reforms set out in the Organic Law, in particular, (i) supporting and enabling the exercise of local autonomy and regulatory oversight and (ii) widening the scope of the reforms to allow, over time and in an orderly fashion, the reassignment of functions from national to sub-national administrations;

2. **autonomous SNAs**, as *institutions* (organizations and procedures) with related organisation, human and financial *capacities to* transform the sub-national system of governance and public administration and (i) enable democratic local governance institutions to deliver services and other outputs to local citizens and (ii) provide motivation for their own consolidation by making possible a "learning-by-doing" process of capacity development; and

3. a **framework and system of oversight,** including legal, regulatory and strategic instruments, exercised by National authorities with the capacity to enforce them, replacing the current system of administrative control, and thereby allowing SNAs to exercise their autonomy and to be accountable for the results of their actions within a overall national framework.

Essentially, the IP3 sets out a governance-reform Program, supporting the development of institutions that:

a. Create a system of new sub-national and national **accountabilities**; and

b. Establish and develop the **capacities** through which the new accountabilities are realised and democratic decentralisation is achieved.

In the remainder of this section, the vision of SNDD in terms of accountabilities is set out and in the following chapter, the capacities required to realize those accountabilities is presented .

4.3. Democratic Decentralisation as a 'System of Accountability'

The Organic Law and National Program change the nature of accountability within a unified State, moving away from centralized, bureaucratic control to one of autonomous SNAs subject to democratic accountability, social scrutiny, and legality controls. This fundamental change is reflected throughout the National Program and realized through the IP3.

"Governance", as defined in Section 4.1, describes how decisions are made, implemented and overseen within the SNA and how the Council is held to account by citizens for the use and the results of their powers. There are three key accountability relationships to be considered:

a). Internal accountability, within SNAs i.e. the relationship between elected decision makers and the "executive" branch;

      b). Downward accountability, between SNAs and their citizens; and

      c). Upward accountability, between different levels of SNAs and central government.

4.3.1. Democratic Accountability

Democratic accountability is exercised through periodic elections to the Councils. The functioning and capacity of the Councils will depend on the extent to which Councils use their political legitimacy to ensure their autonomy.

However, democratic accountability is more than just periodic elections - to function effectively, it requires transparency, openness with citizen access to Councillors, measurement of results and public access to information between elections.

The vision for the role of Districts and Municipalities is one of autonomous Councils, democratically accountable to their electorates: Commune/Sangkat council and citizens within the Municipalities and District, regulated under law, and capable of promoting local development and the delivery of services in their areas. The primary focus of the first phase (IP3) is on the general mandate (permissive functions) of the SNA and on providing the SNA with the human resources, funds and systems to meet public expectations. The capacity developed during the first phase will be carried forward as national functions are firstly delegated and then assigned to the SNA. (At this stage, the functions would become the obligatory functions of the SNA rather than, as now, the obligatory functions of the national sector ministries.)

The vision for the structure of the DMs is set out in Law. The Councils are responsible for general policy-making (i.e. excluding security issues). The Board of Governors and Administration are the executive of the Council and as such they are accountable to the Council for implementing Council's policy and decisions. Indeed, it is the Council rather than the executive who is accountable to the public for the actions of the SNA – both for the policy decision itself and the implementation of those decisions.

Representation and Voice of Women in SNA Policy Making

The proportion of women Councillors in DM Councils is relatively low. There is a need for a proactive campaign to create awareness and advocate for more women Councillors prior to the selection of candidates for future rounds of Council elections.

A statutory Women's and Children committee is to be formed in each Council. This provides a forum for women's voices and a means of ensuring women's interest are considered, more generally, during council deliberations. These -committees will engage directly with women and address issues of concern to women. However, the committees have no executive responsibility. A separate cross-cutting gender strategy has been prepared (Appendix 2).

4.3.2. Social and Public Scrutiny

Democratic accountability is more than just civic engagement. It is the means by which elected Councillors listen to the needs of citizens and communities and factor these different and sometimes conflicting voices into council deliberations and decisions. But civic engagement is more than just listening to citizens – it is also a two-way process through which Councillors must explain and justify their decisions to citizens and communities.

The process of civic engagement requires SNA Councils to meet regularly with citizens and interest groups, including NGOs and CSOs, private sector groups, as well as through public meetings.

In order to allow civil society to exercise a meaningful check and balance on the deliberative processes, Councils are required to provide public access to information by publishing planning data, records of council deliberations, council decisions and reports on implementation progress and outcomes.

As well as the use of central mechanism of oversight and legality control, there are a number of mechanisms which allow citizens to provide direct feedback to SNAs, regarding their performance. This can take three forms:

i. **Grievance mechanisms**: These allow individuals to provide anonymous feedback, by using an accountability box to make complaints and report mal-administration and injustices. These have been in operation for some time for Communes and Sangkats and the process will need to be continued and extended to Districts and Municipalities and Capital and Provinces.

ii. **Direct feedback and scorecards from users of specific council services**. Direct feedback can be commissioned by Councils from users. Ideally, this type of feedback should be administered to all users/beneficiaries in a particular locality.

iii. **Direct feedback/scorecards from citizens**. Feedback at this level is more difficult to conduct as it is not possible to survey all citizens and sample surveys require technical support to ensure they are representative of the population.

Under IP3, the current grievance mechanisms will be continued and developed further. The use of scorecards has been tested by a number of projects and further consideration will be given to expand their use and building capacity to administer and present the results.

4.3.3. Oversight through 'Legality Controls'

The principle of autonomy under their general mandate/permissive functions gives SNAs the responsibility to represent the interests and improve the conditions of all citizens in their area, subject to democratic processes and public scrutiny. However, as SNAs, they are subject to national laws that define their powers and prescribe rules and procedures for financial management, human resource management, public assets management and inter-governmental relations.

On a day-to-day basis, SN Governors are expected to inform Councils of the legal constraints under which their Administrations operate.

At a national level, the oversight of Council and its executive's adherence to the rules governing their mandates is exercised by the relevant Ministries, according to their mandate. The IP3 recognises these national responsibilities and sets out activities to build the capacity of each Ministry to perform these responsibilities.

Fiduciary controls will be exercised by the MEF, mainly through the provincial treasuries. The internal auditor, based in the Provincial Administration, will check the accounts and ensure compliance with prescribed practices. At a national level, the National Audit Authority is responsible for ensuring the probity of financial flows.

MEF will also develop rules and procedures for the transfer and management of the State assets to be transferred to SNAs.

As regards human resource management, officials in each SNA will report directly to the Governor. Initially, staff will be managed under MOI rules and procedures while a new Sub-national Civil Service code is being developed by SSCS, in line with National Program for Administrative Reform (NPAR) and other public sector reforms.

5. DEMOCRATIC DECENTRALISATION AS A SET OF 'CAPACITIES'

The initial focus of IP3 is on building the capacity of Districts and Municipalities, firstly, to function under their general mandate (permissive functions) for improvement and strengthening cooperation and support to Communes/Sangkats and then, secondly, to assume greater responsibility for national functions, as over time these are assigned to them. The development of SNA capacity is the responsibility of the "whole of Government" but, in particular, and initially the responsibility mainly of MOI, MEF, MOP and SSCS, under the umbrella and policy leadership of NCCD.

Capacities are required for each of the areas identified in the vision, viz.,
1. The **functioning of SNAs** in terms of their governance and management capacities and the quantity and quality of human and financial resources under their control;
2. The use of **legal regulatory and oversight controls** by National Ministries; and
3. The **development of policy** and policy instruments to deepen and expand the reforms across the whole of government.

5.1. SNA Functioning and Capacities

There is a need to establish and develop three main sorts of capacity, for SNA to be able to function:
i. **Organisational systems and skills** for (a) Council decision-making and oversight, (b) administrative and executive functioning, in particular, service delivery modalities, and (c) strategic planning, to ensure that SNA are accountable to their citizens for the decisions they take and for the results of those decisions
ii. **Financial resources**, assigned to Councils, to allow them to operate and promote local development under their general mandate as well as to implement agreements for delegated functions and conditional grants; and
iii. **Human resources** for the functioning (governance and management) of the SNA.

5.1.1. Organisational Systems and Skills

Each SNA consists of:
i. A representative Council responsible for SNA policy including regulatory and resource allocation decisions, on the basis of deliberation, civic engagement and evidence from planning and monitoring processes; and
ii. An accountable administration, under the Board of Governors, fully staffed, with systems and capacity, responsible for the implementation (planning, managing and monitoring) of the results of Council decisions.

Indeed, the Organic Law and subsequent decrees describe the functions of the Districts and Municipalities, with policy and decision-making vested in democratically elected Councillors (the "legislative branch"), and day to day implementation is managed by a Board of Governors (the "executive branch") overseeing the administration.

## A).	Council Decision-Making and Oversight

At the heart of the decision-making system is a **deliberative process** that is driven by Councillors, as representative decision makers. The most essential of these decisions concern the prioritized use of resources (for capital projects as well as services and overall administration) and the development of a local policy or regulatory environment (promoting Local Economic Development and the sound management of local natural resources).

As local policy-makers, Councillors must be aware of their legal mandate and of national and provincial strategic plans as well as communes/Sangkats needs. They also need to be confident as to the resources made available to them. Citizens' voice is channelled through a process of civic engagement between the elected representatives and Commune/Sangkat Councils, community groups and individual citizens. This is the key instrument to ensure priorities reflect citizens' needs and are within budget constraints.

Minority interest and rights are protected through Communes and Sangkats, CBOs, NGOs and other agencies.

Figure 1: Overview of DM Council Processes
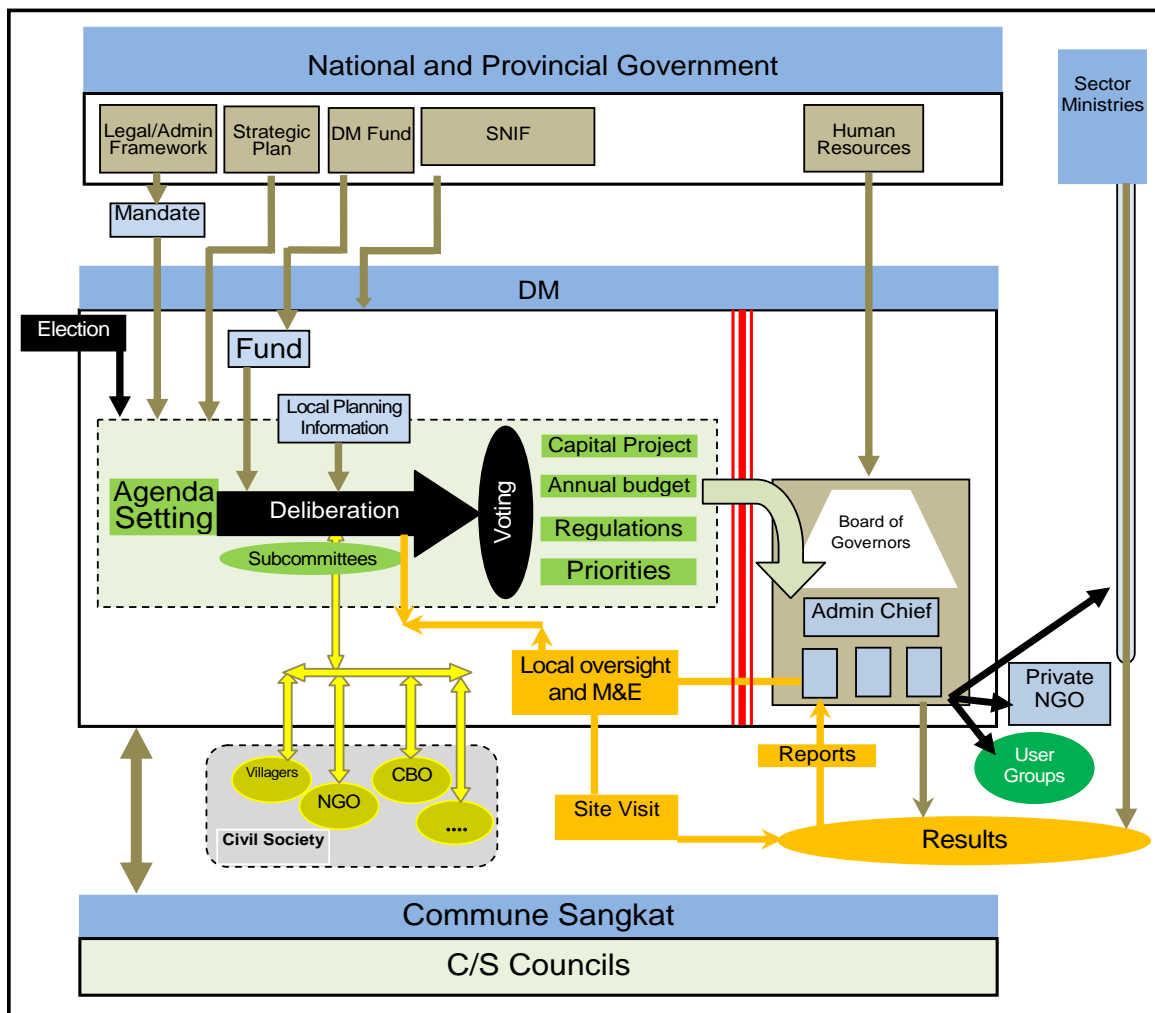
The end result of a Council's deliberative process is a series of priorities, by-laws and resource allocations. These, together with activities undertaken through sector ministries, generate results for citizens. In addition to their policy and decision-making functions, Councillors play an important role in terms of the oversight and M&E of all activities and investments in their area.

The District Women's and Children committee of SNA is a statutory body, responsible to consider issues related to women and children on behalf of the Council and to assist the Council in ensuring that women's voice and interests are reflected in their deliberations.

B). Service Delivery Modalities

The development of new financial management and procurement systems for SNA provides an opportunity to enhance the service delivery *modalities* to be used by SNA's in conjunction with both their general mandate and delegated or assigned functions; and at the same time, allow greater use of partnerships with private and non-profit sector organizations for cost-effective provision of public goods and services.

The private sector and NGOs, for historical and other reasons, have played a major role in the growth and development of Cambodia through the construction of infrastructure and the delivery of services and this role remains central to the Government's vision of how SNAs will implement public policies.

However, in many sectors these initiatives have been funded and governed through direct support from Development Partners and International NGOs. These arrangements will be brought under the democratic control of elected local Councils, strengthening the partnership between Councils and private sector/ NGOs and aligning private and NGO initiatives with the priorities identified in the statutory process of democratic deliberation and planning.

In line with the expected range of implementing modalities, SNAs will need the financial management modalities and the capacity to:
- Commission/contract (contract in) line departments to provide local services;
- Contract private companies and NGOs (contract out) to provide services;
- Joint project management through intra administration cooperation and
- Make grants to local bodies such as school management committees, user groups and other community-based organisations (CBOs).

C). Strategic Development Planning

As well as capacity for council policy-making and executive delivery, Councils require a strategic framework to inform both medium- and long-term decision-making and to help coordinate activities and investments with other SNA.

At the national and provincial level, the strategic framework should i**nform, but not instruct,** individual SNA as to the context and background of their own policies and decisions. SNA should be actively involved in the development of these higher level strategic plans.

At the DM level, the strategic planning framework should represent the medium term and long term policies of the Councils which will, following consultation, be reflecting the priority needs of Communes/Sangkats. Since the funding arrangements will distinguish between capital investment and recurrent service activities, the strategic policy framework will need to cover both aspects of DM and Communes/Sangkat development.

Currently, many service functions are delivered by provincial line departments and/or NGOs and reported to provincial and national authorities. This information is required by Councils in order to inform the allocation of resources under their control. As functional reassignment proceeds, the requirement for the SNA to coordinate with service deliverers outside SNA will be replaced by enhanced capacity for internal programming and planning. Coordination of local and national activities is part of the role assigned to the statutory Technical Facilitation Committee of the Council.

The development of the strategic planning process has gone ahead of the development of the policy-making or administrative systems. As a result, the proposed strategic planning guidelines will need to be adjusted or revised to reflect:
i. the nature of the DM Fund as a general purpose financing mechanism for both recurrent and capital expenditures;
ii. the development of the council deliberation, civic engagement and policy-making procedures some of which are currently included as part of the proposed strategic planning processes; and
iii. the priority of intra administration especially Commune Sangkat.

5.1.2. Financial Resources

Financial Resource are under the control of the SNA (i.e. discretionary), but subject to compliance with the legality controls regarding governance and financial management and consistent with nationally-set standards.

This requires the RGC to establish and resource:
i. **A District and Municipal Fund**. The Fund will provide transfers to each DM on the basis of a sound formula. The Fund would cover the Administrative and operational costs of the SNA (including 'POC-type' payments) and the development budget for the general mandate of the SNA (provision of local services and the maintenance of public assets); alternative arrangements are proposed to give SNA access to funding for larger scale and more lumpy capital investment projects.
., The form and level of the grant provided by the Fund would be predictable - known in advance and not subject to annual swings. The governance and financial controls would be clearly stated and provided these standards were maintained, Councils could allocate the resources according to locally determined priorities;
ii. **A Sub-national Investment Facility (SNIF)** with several 'sectoral' windows through which SNA could build larger infrastructure, respond to sectoral strategies, such as climate change initiatives and undertake multi-year projects, separately or together with other SNA. The governance arrangements for the SNIF will set out the objectives of each window, the process, forms and timetable for submitting proposals, the criteria and arrangements for assessing and appraising proposals and the modalities for implementation, reporting and monitoring; and
iii. **A formula-based provincial transfer mechanism** to cover both the administrative and developmental costs of the Provincial SNA, under their general mandate. The formula will need to incorporate adjustments for the collection and retention of local and own source revenues.
iv. The arrangements for the current **Commune/Sangkat fund**, whilst retaining the formulae used to allocate resources to each Commune/Sangkat. The objective would be to allow and facilitate CSs to access the SNIF for capital investments and to refocus the CS fund on services under their general mandate.

5.1.3. Overall Functioning of SNAs

The outcome of any governance and local development system depends on the way the overall system is configured i.e. the institutional arrangements which determine how decisions are made and implemented.

SNAs are empowered, under their general mandate, with 'resources' to provide 'outputs' for their citizens. SNA 'outputs' or deliverables, under their general mandate, include:

1. Local policies and regulations to be decided and articulated through by-laws and enforced and requiring few resources;
2. Direct service provision (e.g. social protection, education, business development skills, etc), to be funded from a annual budget allocation and delivered through a range of procurement methods, including (i) direct implementation by the SNA, (ii) grants to bodies, such as CBOs, School Management Committees, etc; (iii) contracting-out to private companies/NGOs and (iv) 'contracting-in' to other statutory bodies such as Line Departments.
3. Public infrastructure development (e.g. roads, markets, etc), that could be funded through a yet to be established SN Investment Facility (or from general purpose transfers).

SNA Councils are required to make decisions with regard to all three of these types of services, viz., regulations, service delivery and capital investment. The nature of the "choice" faced by Councillors with regard to annual services and capital investments differs and depends critically on the funding modalities:

1. **Capital investments**.[7]   In the case of investment funding from the SNIF, the final decision-making authority will be the Board of the SNIF, and therefore Councillors can only be accountable for the nature and quality of their proposal.
2. **Budget allocations for services.**[8] Councillors are responsible for the choice, quality, targeting and delivery of services under their annual budget.

Finally, democratic accountability requires Councillors to be accountable for their decisions and for the implementation of those decisions. This requires a system to inform citizens of:

i. The rationale for the decision; and
ii. The results, both outputs and outcomes, of those decisions.

Results need to be measured in terms of quantity, quality, timeliness and their relevance. This information will need to be in the public domain to help Councillors take future decisions and to inform citizens regarding council performance.

Although IP3 is focused on building the capacity of SNA to fulfil their functions under their general mandate, SNA will be encouraged, over the period of the IP3, to enter into delegated agreements regarding national functions, prior to the full reassignment of function from national

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[7] Capital investment projects provide a flow of future benefits, but also generate additional budgetary commitments for running costs and maintenance. Capital investment projects require judgment as to the value of future benefits. On the other hand, capital investment projects have, at least initially, less recurrent resource commitments. The nature of the choice faced by councils is to prioritize their investment - from a list of possible investment projects. Implementation then depends on the availability of funds.

[8] Services, on the other hand, tend to be on-going activities which, once started, are difficult to cease and, therefore, create on-going recurrent cost commitments. The nature of the choice faced by Council, since all services will be important, is to allocate their funds between the different services. Arriving at an initial allocation will be difficult – but subsequent allocations will be easier as the choice will be in the form of tradeoffs between the different level of services. The important issue here is to have a known and predictable budget allocation each year

to DM level. Some SNA already have such (or similar) arrangements in place in the form of conditional grants, where the project prescribes the quantity and nature of the expected results and provides the Council with the financial and other resources required to complete the task. These agreements may assign some discretion to the SNA over, say, the selection of the beneficiaries or even the approach to delivery.

With full functional reassignment, certain national functions will become an obligatory function of the SNA. This means that the function must be implemented through a (hopefully enhanced) budget of the SNA. National ministries will then have a responsibility to oversee implementation and check the function is performed and performed to a pre–defined standard. This will require a change in approach – from the use of administrative and contractual controls to regulation through compliance with standards. The Organic Law revises the mandates of key government bodies, with Ministries increasingly exercising regulatory rather than implementation functions.

5.1.4. Infrastructure and Facilities

Few of the new DMs including Communes/Sangkats have adequate facilities for Councillors to hold meetings and for officials to work and to meet the public. The need for such facilities varies throughout the country. Some DMs only require small additions to existing infrastructure to either accommodate Council meetings or the "one window system", through which services are delivered from a number of Departments at the same place. In other places, more substantial facilities are required to house both Councillors and the Administration officials and personnel. The facilities, including offices, for Communes/Sangkats should also be reviewed to improve their functioning.

5.2. Development of Capacity for National/Provincial Oversight and Regulation of Districts/Municipalities and Communes/Sangkats

The Organic Law provides a basis for democratic decentralisation with autonomous councils operating within a unitary State. As a result, inter-governmental relations will change from one of "administrative" command and instructions to one of autonomy under "legality controls".

5.2.1. Concept of 'Legality Controls'

The concept of "legality controls" include a number of different instruments relating to either (or both) the process or output of SNA functioning. Legality controls relate to compliance with governance processes (e.g. administrative and financial controls) or technical standards (e.g. the quality of roads). Finally, strategic planning, although not technically a legality control, is another way to coordinate the investments and activities of SNAs.

While compliance reviews tend to be regulatory and focus on whether required processes were adhered to, management standards aim to provide benchmarks for good practice. Their inspection or assessment routines of those SNAs involve a good deal of advice and discussion about how performance can be improved. In both cases the inspection process will tend to result in the development of recommendations for action as well as monitoring whether such recommendations were implemented.

Legality controls are the regular functions of the concerned national Ministries and their provincial offices. Capacity will need to be developed for these oversight arrangements. They will need to be exercised in a different manner, consistent with the role of the Councils as the voice of the public in their area.

The main national Ministries with responsibility for the oversight, regulation and strategic coordination of SNAs and their activities are MOI, MEF, SSCS and MOP. Regulatory and legal will be exercised through the use of legal controls, with defined standards and obligations, an assessment system to check compliance and clearly defined sanctions where compliance has not taken place.

The objective of a system of oversight through 'legality control' mechanisms–complements rather than substitutes for accountability between citizens and their elected representatives. It moves away from controlling 'what SNAs do' to ensuring that (a) 'what they do was according to rules and regulations' and (b) citizens are provided enough information about their SNA to be able to hold elected officials accountable.

Legality controls related to the general mandate and permissive functions are heavily weighted towards general management (financial management, HR, etc.)processes. However, once obligatory functions are transferred to SNAs, specific technical sector-related standards will need to be developed.

The framework of legality controls, to be developed and supported under IP3 will focus on ex-post inspections of SNA. Ideally joint inspections would be undertaken, with a multi-ministerial team, visiting each SNA annually. The inspections would cover both process compliance and management standards in order to minimize disruption in terms of SNA operations, and cover a wide range of financial management areas outside of accounting, such as, budgeting, financial management, internal controls, HR management, operational procedures, and reporting.

The purpose would be to build increased confidence in SNA systems, and thus to encourage sectors and projects to increasingly plan and finance activities through SNA.

There is, therefore, a need to develop the capacity of national Ministries and their provincial Departments to:
- Develop new forms of regulatory instruments and change the way existing regulatory controls are used and intergovernmental relations are managed to reflect the autonomy of the SNA within national law;
- Expand their capacity to be able to exercise their regulatory functions in 193 new units of DMK and Communes/Sangkats within DMK; and
- Provide support to the capacity development of nascent SNA.

These capacities are required to ensure that SNA function properly. The use of legality controls, rather than administrative instruction and command, allows SNAs to remain autonomous within a unified State framework and to contribute to both local and national objectives. The use of legality controls ensures that Councils make decisions and are accountable for those decisions, in the full knowledge of the national legal and regulatory requirements.

5.2.2. Elements of an Oversight System/Framework

The key elements of a system of legality control are the rules, processes and standards. The criteria, means of assessment, sanctions for non-compliance and means of rectification must be clearly and simply defined and communicated in advance to all concerned stakeholders.

The first of these elements, the specification of criteria, has largely been completed under existing and more recent legislation. However, these legal instruments have not yet been brought together into an effective system of legality control, with capacity for assessment and the

enforcement of sanctions. These will be required in order to provide confidence in the capacity of SNAs, both to fulfil their general mandates and to receive functional reassignments from sectoral ministries.

For now this largely concerns central Ministries MoI, MEF, SSCS) since only permissive functions have been delegated and financed; once obligatory functions are delegated and financed accountability relationships between line Ministries and sub-national administrations, especially in terms of meeting service delivery standards, will need to be established and strengthened.

Although SNAs are autonomous, they are not independent and they must follow national procedures in the way they reach decisions, administer and implement and report on those decisions.

National Ministries are responsible for the definition and oversight of these procedures and arrangements. This requires both new systems of regulation and a new approach to oversight. These oversight responsibilities are distributed throughout different Ministries and exercised at both National and provincial levels.

IP3 supports the definition of these new instruments and the development of capacity to introduce and implement them. However, IP3 recognises that the operation of these instruments is the legal responsibility and, therefore, a normal function of each Ministry and, as a result, is not included in the incremental costs of IP3.

More specifically, and initially, the key Ministries, with responsibility to regulate/enable SNA procedures under the general mandate of the SNA are:
1. MOI has overall general political and administrative responsibility for SNA functioning;
2. MEF has fiduciary responsibilities for treasury and audit and for the development of budgetary and financial management and procurement systems and standards;
3. SSCS has HR responsibilities for the SNA statues and codes under which human resources are managed and civil servants are remunerated; and
4. MOP has strategic planning responsibilities and the development of strategic planning processes.

As the process of functional re-assignment proceeds, these responsibilities will continue and become more complex and involve other Ministries. This will require Sector Ministries to set and monitor service delivery standards and to develop the instruments and capacities to oversee these standards. Initially, these standards will be embedded in fixed-term service agreements between sectors and SNAs but, as obligatory functions are assigned to the SNA, these standards will become universal.

5.2.3. Oversight Processes

The regulatory instruments required include:
i. Clearly established legal responsibilities or standards. These conditions must be defined by national bodies and can be expressed through law, regulation, guideline or contract and brought together into an accountability frame. The standards can be defined in terms of either process (adhering to regulations) and/or quality requirements (i.e. relating to nature of the outputs).

ii. An accountability framework defining the consequence of not meeting the regulatory conditions. This framework should also be expressed through law and regulation and be transparent. It should not be arbitrary or ad-hoc in nature (i.e. subject to negotiation);

iii. A sound process for establishing whether the condition was met (of verification, inspection, or reporting, typically undertaken by a third party[9]). The inspection process can either be undertaken before the event (i.e. as an approval, permit or license) or after the event (as a total or sample-based audit); and

iv. Some form of appeal or review (i.e. conflict resolution mechanism).

5.3. National Policy Development Capacities

The emergence of a functioning SNA system will have a systemic impact on national level institutions. There are four main types of policy-related capacity requirements related to:

a. **Visioning.** The vision for SNDD will evolve over the span of the national Program and, indeed, during the life of the IP3. Further, this vision needs to be articulated across government and shared more widely with the public.

b. **Policy and legal framework.** The exercise of legal and regulatory oversight requires a comprehensive and coherent policy and legal framework. This framework consists of laws, decrees, sub-decrees, from which manuals and guidelines are prepared. The nature and development of this framework is the responsibility of NCCD and its secretariat, NCCD-S, working with the concerned national Ministries.

c. **Oversight and regulation system.** At the implementation level, there is a requirement to set up a clear and effective system of State support and supervision of the SNA system. This implies building the State capacity for legality controls as well as an effective system to monitor the performance of SNAs and setting benchmarks as appropriate, both in terms of adoption of good governance practices and in terms of delivery of local development. Related to this is the need for a system to provide SNAs with technical assistance services and, perhaps initially, operational support that is relevant, demand-driven and cost-effective.

d. **Promotion of innovation.** The SNDD reforms and the IP3 are focused on policy reform across government. Capacity is therefore needed to generate, design, test and promote new policy initiatives, consistent with the IP3 vision and under the umbrella of the NCCD.

e. **Expansion of the reforms.** The focus of the IP3 relates to the objectives of 3–year slice of the national Program. During this period, the capacity is required to expand the scope of the reforms, including:

- **Functional reassignment.** There is a requirement that Ministries proceed to realign their mandate, strategies and operations with the SNDD policy and amend accordingly the general and sector-specific legislation under which they operate. Of particular urgency during the IP3 will be the need to develop the capacities of Ministries to design and manage contractual "delegation" arrangements for sectoral service delivery by SNAs, which are bound to be critical at the outset of the functional reassignment process. Ministerial capacity to administer and oversee the implementation of delegated functions is actually as important as the capacity of the SNAs to assume the delegated functions.

- **Provincial functioning and capacity.** The capacity of the Province as an autonomous SNA with its own general mandate and delegated functions is not addressed in IP3. IP3 is limited to the role of the Province with respect to the

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[9] If A is accountable to B, C inspects, with B taking action against A based on the evidence or recommendation of C.

        capacity development of the Districts and Municipalities and Communes/ Sangkats. However, in the implementing phase of IP3, provincial functions may be reviewed for functional reassignment.

- **Development of an Association of Councils.** This is the role of an Association of SNAs, building the capacity of their members for local governance and local development promotion, providing them with legal and technical advice and disseminating good practices for effective political representation. The already existing National League of Communes/Sangkats is currently considering expanding its mandate to include the new DM Councils. During the IP3, there will be a study on the options to expand of NLCS to include or establishment of a separated association of Districts and Municipalities council

    f. **Learning and documentation** Given the different arrangements currently found in different sectors, SNAs will need to develop the capacity to monitor and coordinate implementation of activities, under the plurality of modalities that will emerge.

This will require strengthening the institutions for managing the NP-SNDD supporting the implementation of the Democratic Development reform process. In particular, the strengthening of the capacity of NCDD-S in terms of its role, functioning and human resources and, thereby, its ability to generate policy, co-ordinate implementation, oversee and extend the Program.

These capacities are required to develop long term policy and legal frameworks with rules and procedures that enable:

- SNAs to function and develop their capacity as autonomous and democratically accountable institutions, with funding and human resources;
- National authorities (MOI, MEF, MOP and SSCS) to exercise their national mandate for oversight and regulation;
- Sector Ministries to reassign their national functions to SNAs in a coherent and planned manner;
- SSCS and MOI to develop long term arrangements for human resource management; and
- Civil society (CSOs as well as the media and academia) to be informed about SNA performance in order to promote accountability.

5.4. Cross-Cutting National Objectives and Capacities

Democratic decentralisation requires both political and managerial capacity. Together these capacities form a new capability – that of institutions representing citizen's views and allowing local demand to drive development initiatives and, thereby, contribute to the nationally set MDGs. Democratic decentralisation is therefore both an end in itself and a means to improve the quality of local service delivery. The IP3 sets out the capacities to establish democratic decentralisation by developing functioning SNAs within a national oversight framework, under a supportive policy environment.

Democratic decentralisation must also be cogniscent of and contribute to the development of national capacities especially with respect to (a) gender equality, (b) natural resource and environmental management (including climate change mitigation and adaptation) and, (c) more generally, the achievement of national goals as articulated in the MDGs.

5.4.1. Capacity to Support Gender Equality

The NP recognizes the importance of promoting gender equality. Although there have been, and indeed are, no legal barriers to women's involvement in Sub-national Democratic Development, the reality is that relatively few women are involved in the SNA, either as councillors, Governors or Board of Governors and officials. NCCD-S's Gender Strategy (Summary in Appendix 3) sets out the priorities and policies for NCCD, across all parts of the IP3 program.

Key areas where better gender equality can be achieved relate to:
i. **Representation and voice in SNA policy making**. The proportion of women Councillors remains low. NCCD-S, with the assistance of the gender specialist in the Policy Division in cooperation with MoWA, concerned institutions and civil societies will create awareness and advocate for more women Councillors prior to the selection of candidates for future rounds of Council elections (Sub-program 1). The Women's and Children Committee of the DM Council provide a forum for women's voices and a means of ensuring women's interest are considered, more specifically, during council deliberations.
ii. **Beneficiaries (direct or indirect) of SNA investments and activities.** The SNA monitoring and evaluation and reporting systems will collect gender–differentiated data to inform Councils of the beneficiaries of their policy and resource-allocation decisions. The OD component (Sub-program 2) will address this issue.
iii. **Employment in SNAs**. Relatively few women are employed in Government at national and sub-national level. The HR strategy (Sub-program 3) will address this issue.

5.4.2. Environmental Considerations

The NP and IP3 put in place structures, systems, processes and associated capacity for Sub-national Democratic Development. As such, there are unlikely to address specific environmental issues.

However, SNA policies and decisions do themselves have environmental consequences. With the introduction of budget-funding modalities (such as the CS Fund and the new DM Fund) and the expected shift from infrastructure to services, the result and risks of environmental damage from SNA spending decisions will be reduced.

On the other hand, the environmental side-effects of the use of a project-funding mechanism – the SNIF – to finance infrastructure may increase if it leads to larger and more ambitious projects. However, the appraisal mechanism associated with each project will allow environmental criteria to be defined and assessments undertaken as part of the appraisal of each proposal before funding is awarded. This introduces an explicit environmental check on projects, and the opportunity to mitigate against possible negative effects. The SNIF would also provide an opportunity for an additional environmental window to provide the resources for SNAs to proactively plan for disaster-risk reduction and to mitigate against climate change.

SNAs will also need to develop the capacity to represent the interests of their citizens in discussions about larger scale infrastructure and land use changes which take place at a higher level and in sector Ministries. These discussion need to be informed by local concerns as well as by longer term environmental and overall national growth considerations.

Finally, environmental safeguards and good practice on environmental risk management should inform all SNA decision-making, without compromising the authority and autonomy of

Councils. This requires Sector Ministries to:

- Define and enforce legal instruments which obligate SNAs to follow environmentally sound practices;
- Reassign functions and resources to SNA to implement environmental programs; and
- Develop national and provincial strategic plans and frameworks to inform Councils of critical considerations to factor into their deliberations.

5.4.3. Climate Change Mitigation and Adaption

Although there are few direct environmental impacts from IP3, SNAs can play a role in advancing climate change mitigation and adaption. The SNIF provides a mechanism through which resources can be made available to SNAs for this purpose.

5.4.4. Millennium Development Goals (MDGs)

The national MDGs should form part of the policy framework that informs and influences, but does not impose on, decision-making in autonomous SNAs.

Currently, the primary mandate to deliver MDGs is vested in sector Ministries. With functional reassignment and as the capacity of the SNAs grow, some of this mandate could be delegated to SNAs, together with the required resources, and this will enable SNAs to play a key role in more targeted and effective achievement of MDGs.

The sector policies of national Ministries, based on the MDGs, should be articulated at national and provincial levels in strategies and frameworks. These strategies and frameworks will then inform the deliberations of lower-tier Councils. Further, SNAs will need to know the activities and investments of sector Ministries in their area in order to plan their own activities. Council policies and decisions will require consideration and reconciliation of local priorities with these national and provincial frameworks and strategies.

5.5. Summary of Capacity Requirements

This section describes the capacities required to implement the vision and policies SNDD and the IP3. These relate to:

1. The development of the policy and legal environment for SNA;
2. The functioning of the SNAs as autonomous policy-making and executive bodies;
3. The assigning of human resources to each SNA;
4. The allocating of financial resources to each SNA;
5. The provision of physical facilities and equipment for each SNA; and
6. The oversight and regulation arrangements under which SNA's function.

The IP3 program that is defined in the next section assumes that staff will be assigned to SNA, financial and other resources for SNA will be secured, and the current oversight and regulatory arrangements and policy and legal instruments will be the starting point for further development.

Since the passing of the Organic Law in 2008, NCDD-S has been addressing these issues through on-going policy interaction and dialogue with the concerned Ministries. The IP3 is a Program of coherent support to continue this effort to build and subsequently develop these capacities.

6. PROGRAM DEFINITION

6.1. Program Purpose

The promotion of Sub-National Democratic Development depends on, and combines, two mutually reinforcing and equally important intermediary objectives:

1. The development of the **institutions of sub-national governance**, i.e. the development of democratic institutions for political deliberation and policy-making and for effective and accountable administration, at sub-national level; and

2. The promotion of **genuine sub-national development**, i.e. the improvement of services delivery, natural resources management and economic development, through the mobilization, leverage and combination of sub-national and national resources, from public, community and private sources.

As a result, the purpose of the first 3-year implementation plan (IP3) is to establish the foundation for promoting, and sustain Sub-National Democratic Development (SNDD) in Cambodia and, in particular,

'to develop the functioning and capacity of SNA , in particular Districts and Municipalities, Khan, Communes and Sangkats to represent the views of local citizens and to respond to their demands, within an established legal framework.'

The outcomes of IP3 are complex, far-reaching and will require both measurement and judgment to monitor and evaluate. Monitoring and evaluation arrangements are described in Section 9.
By the end of the IP3, the following outcomes will be achieved:

1. **Functioning of SNA**
   a. Districts and Municipalities and will be fully staffed for supporting these administrations as well as Communes/Sagnkats.
   b. Discretionary budget funds and access to project funding mechanisms will be available to SNAs.
   c. Councils will be engaging with citizens and citizen groups, using planning information, making and justifying decisions and delivering a range of basic services, through sound financial management and procurement modalities
   d. SNAs will have acquired the capacity to use administrative and financial systems to enable them to provide services, build infrastructure, promote economic development and manage local natural resources
   e. SNAs will be delivering new or better services to local citizens that more closely fit with local priorities
   f. Provincial SNA will have adapted to a new role of building capacity and supporting local SNAs without impinging on the autonomy of Districts and Municipalities, Communes and Sangkats.

2. **Oversight of SNA Performance**
   a. National Ministries and their provincial offices and provincial administration will exercise their mandates to monitor SNA performance, using legality rather than administrative controls;
   b. Sector ministries will map the current scope, location and costs of their current activities and will start to develop standards as a basis for both informing SNAs and regulating delivery standards; and
   c. SNAs will have entered into delegated agreements for re-assignment of national functions to SNAs.

3. **Policy development**
   a. NCDD-S will have established itself as the initiator of sub-national policy development; and
   b. Councils will be supported by an expanded NLCS or new "association" of SNA to represent their interests and to build their capacity.

6.2. Program Goal

The goal of the IP3 is *'to enable SNAs to promote the welfare (voice, rights, livelihood), of citizens, improve equality between citizens and communities, especially women and vulnerable groups, and ensure fairness in access to services.'*

The impact of the Program is defined in terms of the impact on the voice, welfare/rights and livelihoods of the citizens of Cambodia and, in particular, the impact on the poor and other excluded or minority groups, as follows:

- Improvements in **voice and representation.** This is the result of greater accountability and easier access to representatives as well as improved processes of civic engagement. This "greater stake" by a greater number of people, represented by local politicians, will develop a local "polity", with a greater **sense of belongingness**, greater **inclusiveness** of women and minorities, leading to a **fairer distribution** of resources and greater **community cohesion and social capital.**
- Improved welfare, rights and access to **local services.** This is the result of:
  – a more responsive fit between local demands (articulated through local social and political processes and resource allocations by SNAs with greater awareness of local situations); and
  – access to more **resources** to promote development, as Councils use their resources to stimulate, facilitate and enter into partnerships with line departments, private sector actors, NGOs and CSOs to provide services and promote local economic development.
- Promotion of Cambodia **Millennium Development Goals.** This is the result of :
  – Promotion of **local economic development**: employment creation and support to local entrepreneurship.
  – Better localised **environmental and natural resource management**, including **"climate change"** preparedness as a result of local understanding and local action.

6.3. Program Beneficiaries

The IP3 puts in place sub-national institutions and capacities that, will have an impact on all citizens of Cambodia, and will bring citizens into closer contact with the State and lead to an increased sense of social cohesion.

The major impact of the program will be felt by citizens in the rural areas where the need for locally determined development policies and resource allocations is likely to result in improved service provision and opportunities for job generation, more in line with local needs and priorities.

The rationale linking the goal and purpose of the Program is that genuine local governance and decision-making and enhanced local capacity to implement these decisions will:
- Create a sense of local identity, ownership and contribute to building social capital and community cohesion;

- Result in a better "fit" between the services citizens require and the services the public sector provides; and
- Create space and incentives for local resources and initiative to be utilized for local development.

6.4.   Program Outputs - Components and Sub-Programs

The outputs of the IP3 program relate to 17 components and cover all three elements of the vision – viz. the functioning of SNA, the regulatory system and policy development.

The components have been organised and grouped into 6 sub-programs, based on the mandates of the implementing agencies, viz., NCDD-S, MOI, MEF, SSCS, MOP and the NLCS. The objective, deliverables, activities and resources of each component together with progress indicators and how the component contributes to the overall purpose and goal of the whole IP3 Program are described in each Sub-program document.

A brief summary of each Sub-program is presented here, with a detailed description provided in the Sub-program document.

6.4.1. Sub-Program 1 (NCCD-S)

This Sub-program sets out the role of NCCD-S in generating policy; developing the legal framework and maintaining and communicating the vision and monitoring and tracking progress for SNA functioning as set out in the Organic Law and the National Program. NCDD-S will also coordinate and monitor, on behalf of NCDD, the implementation of the other Sub-programs.

NCCD-S will carry out the above tasks through a self-executed Sub-program, which includes a body of National Program Advisers at District/Municipality and Provincial level who will help facilitate, coordinate and monitor IP3 activities. NCCD-S will take the lead in setting out, but not implementing, a framework for legality control mechanisms.

The RGC is committed, following the approval of the National Program, to gradually shifting specific regulatory powers and service delivery responsibilities to sub-national administrations. This is critical to ensure that the newly created SNAs are not marginalized, and gradually take on increasing responsibilities in the core government business of delivering public services and regulating economic and social matters.

The first step is to forge a "whole-of-government" consensus on how the functional reassignment process should be carried out, in accordance with a consistent and transparent approach. As well as setting out a process, priority sectors/services will be identified to initiate the reassignment process.

During the IP3, a number of pilots will be implemented to test the selected arrangements and learn critical lessons on the structuring and management of de-concentration and delegation arrangements.

However, it is important to stress that carrying out specific functions delegated or devolved by national Ministries is not the sole purpose of the emerging SNAs. In fact, their general mandate for local development is absolutely critical to their identity. It makes them autonomous bodies of local political constituencies, and not just units of the central government, in their jurisdictions.

It provides a wide open space in which SNAs must exercise local autonomy, mobilize local resources and be responsive to local needs.

At the same time, the capacity of Communes/Sangkats will be strengthened with regard to their ownership in mobilizing and managing the resources to support the intra administration projects (cooperation between Commune/Sangkat and Commune/Sangkat; and between Commune/ Sangkat and District/Municipality) in responding to local needs and resource use in an effective manner.

6.4.2. Sub-Program 1b (NCDD-S)

This component Sub-program also sets out activities to build the capacities of DM Councillors to undertake their functions and legal obligations. This component will remain independent of, but nonetheless coordinated with, the Capacity development component of the MOI Sub-program which focuses on the "executive branch" of SNAs.

6.4.3. Sub-Program 2 (MOI)

This Sub-program describes staffing issues and sets out the activities, already commenced, to develop the new and unified administrative systems for Capital, Provinces Districts, Municipalities and Khan (Operations Manual, together with the preparation of a Capacity Development Strategy/Manual and Capacity-Development plan). This will result in the development and rollout of the human resource and administrative systems to be used by Capital, Provinces DMK as well as the review in order to improve the capacity of C/S in the management of staff and to develop the governance system of C/S including cooperation system between C/S and C/S and C/S and D/M

The setting up of the new sub-national administration structures has been completed and the process of assigning staff to positions in the Provincial and District/Municipal Khan administrations has been completed in first stage. . Subprogram 2 will be implemented in cooperation with other subprograms of IP3.

6.4.4. Sub-Program 3 (SSCS)

The integration and re-deployment of personnel should be made while the functions are being transferred to SNA. During the course of the IP3, some sector functions will begin to be de-concentrated and delegated to SNA. As such this process requires an assessment of human resources for performing those de-concentrated and delegated functions in order to prepare for personnel redeployment to SNA following successful pilots. The process of mapping all HR management issues arising from the SNDD reforms has already commenced with joint teams made of officers from MOI, MEF and the State Secretariat for Civil Service (SSCS) carrying out a diagnostic that will help ensure that the process is aligned with the Public Administration Reform (PAR) program.

Sub-program 3 sets out the process through which SSCS and MOI, supported by the Policy Division of NCCD-S will develop a sub-national Human Resources strategy leading, in time, to a new civil service statute for Sub-national level staff.

6.4.5. Sub-Program 4 (MEF)

The Law on SNA Financial Regime and Property Management (the Sub-national Finance Law) is currently under discussion between MOI and the MEF. NCDD-S expects the SN Finance Law to be adopted in late 2010, at the very latest, to allow the SNAs to prepare their 2011 budget.

Sub-program 4 describes the policy framework for financial management within SNAs and designs and implements three funding mechanisms to ensure SNAs have access to funding which is formula based, transparent, and largely unconditional. These are: the CS Fund, the DM Fund, and a "Sub-national Investment Facility" (SNIF). At the same time, the current modalities of budget transfer from National to Capital and Provinces should be reviewed in order to improve and ensure the principles for equity, transparency accountability and efficiency.

MEF, under this Sub-program is also responsible for developing financial management systems (including asset management systems, procurement procedures, etc), reviewing the existing Commune/Sangkat financial management system to enable Communes/Sangkats engage in joint funding and managing the intra administration projects and developing processes for building SNA capacity to effectively manage their finances.

Finally, Sub-Program 4 goes beyond the policy issues and sets out a capacity-development program through which MEF will develop capacity to operate and oversee the proposed funding modalities and to develop the systems and capacities for SN Public Finance Management at the Capital District/Municipality level and further capacity development of Commune/Sangkats on their financial management.

6.4.6. Sub-Program 5 (MOP)

The purpose of this Sub-program is to develop procedures for genuine provincial and local planning processes (including CIP to reflect intra administration projects) , which are not limited to translating national planning goals at provincial and local levels, but are driven by local development opportunities, as well as by gaps in services. This principle should be reflected in the Planning Guidelines currently under preparation.

Within 2010, NCDD-S expects that a policy consensus will emerge on appropriate methodologies and capacity building strategies for planning in different SN systems including both higher level provincial strategic planning and, at the local level (district, municipal and capital), local planning procedures reflecting local policies.

Sub-program 5 sets out an action plan to allow these procedures to be developed, revised and finalised and for related capacity to be built, allowing their replication and mainstreaming country-wide during implementation of the NP.

6.4.7. Sub-Program 6 (Association)

The local autonomy of Councils and, indeed, the democratic nature of the whole reform requires Councils to listen to citizens and community groups and to make policy decisions and to oversee implementation by their executive. Promoting this vision is a role for an independent Association of Councils. Currently, the National League of Commune/Sangkat Councils, as its name suggests, is limited to Commune/Sangkat. The League is currently going through a strategic review to determine whether to expand its mandate by becoming a two-tier association or separate associations. Whatever the outcome of this process, there is a need for an organization to represent and support the Capital, Province District Municipal and Khan Councils.

6.4.8. Summary of Components and Sub-Programs

The following table provides a summary of each of the components under each sub-Program.

Table 2: Summary of Components by Sub-Program

Program executing agency	Sub-program implementing agencies	Component	
NCDD-S	1. NCDD-S	1.1	Developing the regulatory framework of the SNDD reforms
		1.2	Strengthening capacity for Policy development and Program management
		1.3	Advancing Sector Decentralisation Reforms and Functional Reassignment
		1b.1	Providing a council mentoring system
	2. MOI	2.1	Setting up and staffing SNAs under a temporary regulatory framework
		2.2	Supporting SSCS to develop a HR strategy and drafting a new SN Civil Service law
		2.3	Developing the capacity of SNAs and their staff
		2.4	Improving SNA system operating conditions
	3. SSCS	3.1	Puting in place initial HR arrangements for staff assigned to SNAs
		3.2	Developing a regulatory framework for SNA HR
	4. MEF	4.1	Putting in place a policy and legal framework for SNA financing mechanisms
		4.2	Developing SNA financial management and financial accountability systems (including reviewing the existing Commune/Sangkat financial management system to enable Commune/Sangkat in joint funding and managing the intra administration projects
		4.3	Builidng SNA capacity for (a) financial management and (b) financial accountability
		4.4	Building the capacity of central institutions for support and supervision
	5. MOP	5.1	Developing the planning systems of SNA
		5.2	Building SNA planning capacity
	6. Association	6.1	Advancing the strategic development of CS Association and organization representing other councils of SNA
	Sector Ministries	...	To be defined as the Functional reassignment process advances

6.5. Program Logic and Rationale

The logic of the IP3 is summarized below in a results chain which describes causal relationship between the Program's expected outputs, outcomes and impact. The IP3 outputs are the capacities delivered to both SNAs and central Ministries. These capacities include staff and financial resources, institutional arrangements including structures, systems and processes, and capacity for policy development.

Table 3: Democratic Development

Implementation Results	SNA Performance Results	Citizen Results
Capacities delivered	SNA Operations	Citizen well-being
Sub-Program 1: •Component 1.1 •Component 1.2	Local Governance	
Other Sub-Programs: •Component 2.1 to •Component 5.2		
Sub-Program 6: •Component 6.1	SNA Service Delivery	
Outputs	Outcomes (Purpose)	Impact (Goal)
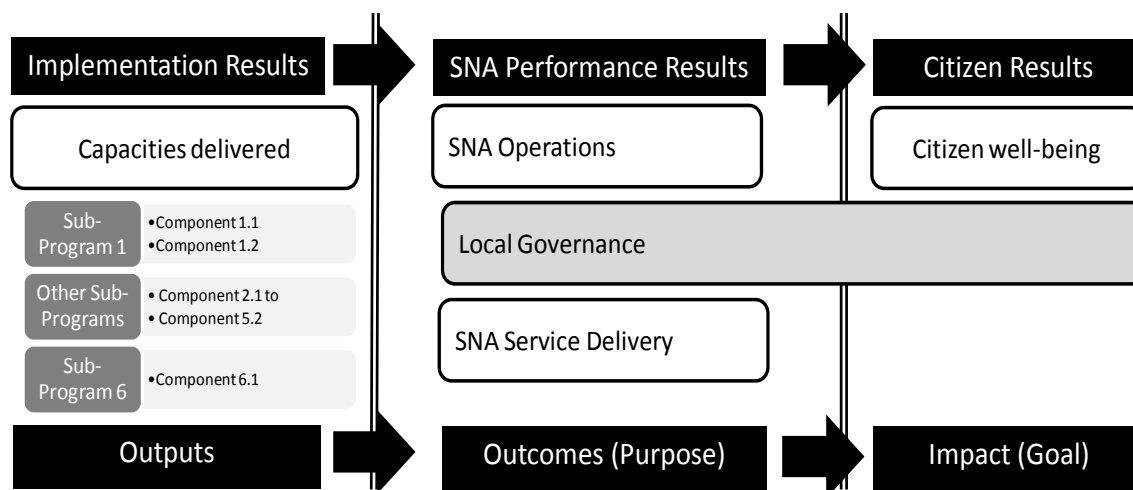
7. PROGRAM APPROACHES TO IMPLEMENTATION

The vision set out earlier and the nature of the capacities required to achieve the vision necessitate a new approach to capacity development[10].

The implementation arrangements relate to development of capacity for each of the three elements of the vision, viz., (a) SNA functioning; (b) oversight arrangements; and (c) national policy development.

7.1. Developing SNAs as Functioning Institutions of Governance

SNA capacity and functioning relates to the (i) organisational systems, (ii) HR and (iii) funds.

7.1.1. Developing Organisational Systems for SNA

A). Principles

The primary focus of the IP3 is on Districts and Municipalities. Although recognised as an administrative level in the Constitution, DMs were not previously in practice given clear roles and responsibilities as such. The Organic Law very specifically recognises the DM as a key administrative level and the development and support of DM are now central to the IP3, with some limited support to the functioning of the Provinces, the Capital and Khans and some continued support to the Communes and Sangkats. This presents a substantial task for the programming of CD activities, and means that the system of cascade training used to support Communes and Sangkats will be continued.

The IP3 will be implemented through Government institutions using government systems. Although there is considerable experience on which to build these systems, this capacity is currently not available in most Districts and Municipalities. The systems need to be designed and then SNAs supported to introduce these systems. This is a substantially bigger task than that faced previously with Communes and Sangkats, where the territories are smaller and where there is no intention to develop substantial administrative capacity. Further, none of the staff

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[10] The task is somewhat different in scale and intensity to that of the capacity development activities that have taken place prior to the Organic Law which were focused on establishing and supporting 1621 communes and Sangkats throughout the country, primarily as representative Councils with limited administrative capacity and supported by provincial structures, project modalities and resources.

posted to the DM Administrations will have had previous experience of working as part of a democratic institution, subject to Council rather than national administrative control. This will require adapting to new systems, new accountabilities and new ways of working.

Capacity development is directed at achieving IP3 results. It is, therefore, focused on the SNA capacities to undertake their new mandates, and national authorities viz, the functioning of SNA, the exercising of oversight through regulatory instruments and improved policy development.

The approach to CD differs from previous approaches where 'pilots' preceded the roll out of system across all SNA. During IP3, the CD approach responds to the need to: (i) enable all DM Administrations to start functioning as soon as possible; ii) establish intensive learning sites where learning and innovation can be managed and tracked ; and (iii) feed the lessons from this learning back into guidelines and manuals to influence all SNAs. Finally towards the end of IP3, a major review will take place leading to revisions in higher level legal instruments.

B).   Process

The approach will be adapted to the level of existing capacity but will, generally follow the same process:

1. **Initiate** (or complete) the design of the systems. In some cases, systems are already defined in law and decree; in others systems can be relatively easily adapted from other places; and, in other cases, there will be a need to design a system essentially from scratch. Following the completion of an initial design, the following processes are proposed (b and c hereafter). In general, the idea is to develop an initial prototype (guidelines and manuals) of each system based on the Law and associated legal instruments, informed by both the requirements of the vision for SNA and from existing good practice;

2. **Roll out/introduce** the capacity (or system) to all SNA units to enable them to start functioning with the resources available. This will require a huge initial - step-up - CD effort to inform SNAs of the overall vision, to develop the organisational capacity of Councils and Executives and the competences and skills of individuals. These activities will be supported through the establishment of (a) a Council coaching service provided by professional experts; (b) a provincial CD team, centred on the HRD unit of the provincial SNA, who will bring together expertise from the Provincial office and from Provincial Departments;

3. **Track** progress and actively assist staff in a limited number of (in) formative evaluation sites, which receive intensive support as the capacity is introduced. This experience will also provide feedback to policymakers and CD staff, allowing immediate adjustments to manuals and guidelines.

4. **Review** experience and revise the legal framework, to ensure that it remains supportive of the overall purpose and is consistent with other systems.   Towards the end of IP3, the overall functioning of the SNA will be reviewed. The outcome of this review will be to revise the legal instruments and guidelines in order to ensure consistency and fit for purpose before developing subsequent implementation plans.

In summary, the initial steps in the system development process will be undertaken centrally, based on regulations and existing guidelines. These initial 'prototypes' will be further developed under actual work conditions at SNAs. Effectively this will allow an iterative[11] process to the

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[11] Iterative design is used in new situations where the exact response to the system may be difficult to predict. An essential element is that the process is flexible and focuses on getting user feedback on a continuous basis; more generally involves a high degree of testing, feedback loops, assessment, and continuous re-design

design of the systems and ensure that the systems and processes are relevant and practical, meet the needs of their users, and have demonstrated that they are capable of being used effectively.

C). Key Systems to be Developed

The key systems which will need to be developed or adapted for SNAs are set out below (Table 4).

Table 4: Summary of Systems and Process to be Defined and Developed for SNA Functioning

Management System/Process	SP1	SP2	SP3	SP4	SP5	SP6
Planning, Budgeting, and Reporting						
• Undertaking a situation analysis					x	
• Strategic (long-term) planning					x	
• Annual Operational Planning and Budgeting (including outputs, activity schedules, costing, cash flows, procurement planning, M&E planning)				x		
• M&E (Finance)				x		
• Quarterly/Annual Performance and Financial Reporting				x		
• Reporting of results to citizens		x				
• Computerized systems to support the above	x	x			x	
Financial Management						
• MTEF, Budget Formulation				x		
• Accounting				x		
• Procurement, Contract Management, Project Management				x		
• Internal Controls (internal audit)				x		
• Financial Statements (income statements, balance sheets, etc)				x		
• Performance and activity reporting (listed above also)				x		
• Asset Management				x		
• Computerization of financial transactions and procurement				x		
HR Management						
• Recruitment		x	x			
• Performance Appraisal/Contracting		x	x			
• Training (planning, monitoring, etc)		x	x			
• Disciplinary Action		x	x			
• HR Planning, HR MIS, etc		x	x			
Administration						
• Administrative procedures records management, etc		x				
• Complaints handling		x				
• Advisory Processes; relationship management with Councillors		x				
• Functions vis a vis other levels of government		x				
Councillors						
• By Laws and policy making; meeting procedures	x	x				
• Consultative processes (including planning)	x					x
• Planning and budgeting	x					x
• Accountability processes (what is signed off, when, etc)	x					x
• External evaluations, surveys, etc	x					x
• Relationships with other levels of government	x					x

D). Building on existing capacity

The approach to developing the capacity of the SNA will build on existing staff competences and national systems:

D-1). Individual Staff Competences

The proposals set out in the sub-Programs of the IP3 make use of existing staff competences to the extent that staff are deployed within the new structures. Many of these individual competences lie with staff currently assigned to Ex-Com, and responsible for facilitation and coordination of CS activities and other SN activities. These staff, who ultimately belong to a range of different Government Ministries and Departments, will effectively return to their cadre and may or may not apply or be assigned to the new SNA administrations. However, despite the availability of individual staff competences, the exercise is initially one of building and then, subsequently, developing new capacities in a different arena, under different rules and under the new vision set out in the Organic Law. Given this, there is a need for an immediate 'step-up' in capacity, starting with a massive re-orientation to the new ways of working, for all SNA and national staff.

D-2). Organisational Systems

There is a need to build and establish new systems of council decision-making and administrative capacity in SNAs.

These are currently being developed based on and in conformity with national systems and making use, where relevant, of the systems currently used by Communes/Sangkats and, where possible and appropriate, the systems used at Provincial and national level. These will be adapted to reflect the new vision.

Again, it is important to recognise the difference between the existing capacities and the capacities required to achieve IP3 vision.

At the DM level, the Program supports the opening up of a new focus for SNAs in Cambodia where there is little or no existing capacity. In particular,

- the Councils have been elected but have no institutionalised processes as to how to set policy and engage with statutory and other stakeholders; and
- the executives currently have few staff, and few funding resources, and no 'system of administration' with which to implement Council decisions.

At the Commune/Sangkat level, which remains an integral part of the SN architecture, it is recognised that significant capacity has already been developed. This capacity will be developed further through replacing the existing support mechanism with new institutional relationships between the CSs and the DMs. The introduction of a "service" focus to the general mandate of DMs may, in time, require/lead to changes in the planning and delivery modalities currently available to CSs. However, the "Planning and C/S Support Office" of the DM will replace the facilitation and administrative services currently undertaken by ExCom. The transitional arrangements allowing this support to move from ExCom to the DM Administrations are currently being developed by NCDD-S.

The CS do not have a significant executive capacity. This will increasingly be provided by the DM. However, their role as a Council, a representative and policy body, will continue to be

supported through IP3 as part of the capacity development Program for DM Councils and continue to provide capacity building support to Communes/Sangkats.

At the same time, at the commune/Sangkat level, guidelines on CIP, financial management system and PIM should be reviewed to enable the commune/Sangkat to jointly finance and manage projects of intra administration.

The Provinces are constituted as autonomous SNA in a similar manner to the DMs and CS, with their own general mandate. On the other hand, some human and financial recourses and experiences exist at the provincial level for administration, service delivery and development. However, systems and procedures at this level should be reviewed in accordance with the principles of democratic development. For practical purposes the IP3, the first phase of the NP, focuses on the DMs and, at the provincial level, only on those aspects of responsibility that relate to the support and capacity development of DM and CS. As a result, the IP3 focuses mainly on capacity development:

- The regulatory role of the Province with respect to national oversight of SNAs
- The enabling role of Provincial offices with regard to services such as treasury and strategic planning; and
- The enabling of Provinces to provide capacity development to DM and CS.

Subsequent phases of the NP will address the wide role of the Provinces in service delivery.

More practically, some of the functions of ExCom will be transferred into the new Provincial Administrations and others to the DM administrations. Since, in general, the staff of ExCom have not been directly transferred to the new Provincial SNA and, in any case, the role of the Province has changed, the capacity requirements of the Provinces will also change. The role of the Provincial administrations is no longer to exercise executive authority over DMs, who are themselves autonomous bodies. The initial CD program will need to present the new approach and develop a plan to address the implications of this approach for the way the Provincial administration engages with lower tiers of SNA.

E).   Management of Capacity Development for SNA Functioning

Implementation of the SNA vision requires a massive effort to build and develop capacity.

The IP3 approach to capacity development is to shift responsibility from NCDD-S to the concerned Ministry and to focus NCCD-S on policy development. This represents a major change.

E-1).   Administrative Capacity Development
- Capacity development for the DM executives (Governors and administrators) will be spearheaded by a Provincial CD team, consisting of staff from the CD unit in the HR division of the Provincial SNA, supported by a Provincial Adviser. This team will prepare an annual work plan (and budget) for all capacity development activities taking place under the aegis of the Provincial SNA. The work plan will be focused on DMs and coordinated with each DM's timetable. The Program will focus on the processes and competences needed to allow the Executive to function as an administration and will include inputs from other core MOI, MEF, MOP and other national and provincial offices.
- The capacity of the Provincial OD team will need to be developed before they can start to implement their own program. This is the responsibility of the National CD

team in MOI, working closely with staff in other Ministries and with the team developing the administrative and financial management systems. The same wide range of CD techniques as proposed for the DM CD activities will be used, to introduce and sensitise the provincial team.

- There needs to be a close relationship between the national and the provincial CD teams, in order to minimise the problems of cascade systems, and to ensure that National teams are aware of problems of CD delivery by the provincial teams to the DMs

- The CD Adviser in the Policy Division of NCDD-S will be responsible to ensure that the CD programs are consistent with the overall vision for SNDD and for ensuring that CD activities and materials remain consistent as the vision evolves over time.

E-2). Council Policy-Making and Regulatory Capacity Development

A similar approach will be followed to develop the capacity of the Councils.
- In each province, a team of approximately 3 coaches will be directly recruited and managed by NCDDS or NCDDS can contract with one or more professional organizations, and each coach will be responsible for about 4 DM Councils.

- Activities will focus exclusively on Councillors and council procedures, including deliberation, decision-marking, civic engagement, monitoring and evaluation. (Councillors will also be included in some of the CD activities related to the administrative system of the council and arranged through the provincial CD team.)

- The vision and systems promoted by the provincial CD team will need to be consistent. This will require coordination at the national level in the communication of vision and the design of the systems and at the DM level.

Techniques for capacity development

Under IP3, it is planned to extend the range of instruments used by the CD teams. Initially, the approach will be largely prescriptive and instructional, but over time it will evolve into a more responsive form of support. It will employ a wide range of competence-based and adult-learning techniques, moving the relationship between the provincial CD team and the DM staff from one of trainer/learner to one of mentor and coach. More effective means to deliver capacity (including training, facilitation, coaching, plenary/inter-SNAs workshops, exposure, peer-to-peer learning, action learning, structured reflection, etc.) will be developed and used across the whole CD Program.

7.1.2. Human Resources

The IP3 vision for Human Resource Management is that human resources should be under the control of the SNA, but within a national framework and under a new civil service code for SNA staff. The strategy set out in the IP3 to address this requirement is to:
- transfer, in **the first instance**, staff to SNA under the current national civil service code,

- prepare a **SNA human resources strategy**, setting out proposals for longer term cadre development and individual career paths;

- develop a comprehensive **SNA civil service code** governing the management of SNA civil servants, including responsibility for recruitment, management, transfer, secondment ; and

- revise **compensation scales for SNA staff** to incorporate the current basic salaries and supplement including the other established incentive policies.

7.1.3. Financial Resources

The IP3 vision for financial resources of SNA, again as set out earlier in Section 5.1, is that resources should be under the control of the SNA (i.e. discretionary), but subject to compliance with the legality controls regarding governance and financial management and consistent with nationally-set standards and strategies. The strategy set out in the IP3 is to:

- Establish a District and Municipal Fund (DM Fund)
- Establish a sub-national Investment facility (SNIF)
- Review and revise the arrangements for the current CS Fund
- Develop a criteria -based provincial budget system to ensure equity, transparency, accountability and effectiveness

A draft law on financial regime and asset management of SNA was discussed and agreed in the 5th NCDD meeting on 16 November 2010. This draft law defines the establishment of DM fund and Capital Provincial budget.

7.1.4. Summary and Phasing to Establishing Functioning SNAs

The IP3 assumes that a minimum set of all three of these capacities will be in place before the start of IP3 activities in 2011, i.e. that the Council and Administrative basic systems will have been designed, staff will have been posted to SNAs and resources for SNA , especially for DM fund will have been secured.

These capacities are currently being developed by NCCD-S during 2010, under the 2010 Annual Work Plan and Budget (AWPB).

7.2. Developing Capacity for Regulation and Oversight

Under IP3, the core Ministries will be strengthened to both contribute to the development of SNA capacity and to develop their own capacity to oversee, regulate, coordinate (through strategic planning) and track and monitor SNA performance. Again, this will require a significant change in the nature of relations between levels of government and in ways of working – with a shift from administrative control and instruction to the coordinated and effective use of legality and regulatory instruments. The IP3 will support core Ministries to effectively exercise their oversight and regulatory mandate.

Further, the oversight and regulatory instruments which will replace the current project or bureaucratic arrangements need to be developed, across the whole of government. However, many of the regulatory systems, derived from law and national practice, but not applied at the SNA level are already defined and tested and, therefore, the capacities required relate largely to financial and human resources and the competences of individual officers.

The development of an SNA regulatory framework is a key aspect of local governance. The starting point is to review the current range of oversight arrangements and consider them as a system or framework. Many of the elements of this framework will be distributed across government:

- Development of legal instruments, including laws, rules and regulations. These will include an accountability framework, which defines consequences for not meeting specified conditions or terms. This is largely the responsibility of MOI and MEF.
- Translation of legal instruments into compliance inspection routines which check whether SNA are complying with processes.

- Translation of legal instruments into guidelines, manuals, and ultimately management and other standards. This is mainly the responsibility of NCDD-S. The CD process, systems design and formative evaluation processes will influence the development of these standards.
- Translation of standards into management and capacity assessment, inspection and advisory processes and the development of review and appeals processes.
- The development of institutional arrangements and the building of organizational capacity to undertake inspection routines. This is the responsibility of MOI and MEF.

The IP3 legality control strategy will use government systems and where these systems are weak will develop capacity within the concerned Ministry. The table below identify key compliance mechanisms.

Table 5: Compliance Mechanisms

Public Interest /Accountability	Regulatory Instrument	Inspection Process and consequence	Current Status and Capacity Development
Resource Allocation			
SNAs have plans which identify priorities, were created following a deliberative process (civil engagement and consultative processes)	SNA Planning Regulations and Guidelines	Inspection is undertaken by MEF as part of the budget scrutiny and approval process	Process needs to be strengthened. (SP 5)
SNA Draft budgets are formulated according to established principles, rules and procedures, including its consistency with longer term plans	Law on SNA Finance Regime and Property Management and its related regulations	Inspection is undertaken by MEF as part of the budget scrutiny and approval process	Process needs to be refined (SP 4)
SNA plans are consistent across SNAs and due diligence has been completed where environmental impacts and other externalities are possible			Safeguards are weakly defined and not carefully scrutinized in the budget.
Expenditure Control			
Commitment Control: SNAs do not enter into contracts which are outside the budget, which are beyond budget ceilings or which were not properly procured		Will be achieved by SNA internal control system and MEF Inspection	Internal audit function is to be strengthened
Payment Control: SNA payments for goods or services are properly documented, are made according to specifications, and conform to the expenditure commitment terms	Various	Treasury checks the regularity and relevance of the payment orders issued by the SNA budget managers (Governors)[12]	Process is well established. Sub-national treasury branches to be reinforced
Reporting and Financial Management			
External Accounts Audit: Financial reports are comprehensive, accurate, provide a reliable		Based on its audit, the	Processes are well developed by NAA, but NAA lacks the staff to

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[12] For example, the payment is requested by the qualified budget manager officer; where applicable, a competent official of the SNA has certified that the goods have been received or that the services have been rendered as per the conditions and specifications agreed in the contract or purchase order; the invoice and any other supporting documents are correct and relevant to the transaction for which the payment is being requested; the beneficiary of the payment is correctly identified; The payment is requested under the correct expenditure category, and sufficient funds are available in that category; The position of the SNA deposit account does cover the payment; the payment discharges the sub-national administration from any further claim relating to the same transaction or debt.

Public Interest /Accountability	Regulatory Instrument	Inspection Process and consequence	Current Status and Capacity Development
reflection of the SNAs financial position, are based upon underlying financial transactions which are regular and are available to the public		NAA approves (with or without reservation) or rejects SNA annual financial statements. The audit report is disclosed to the public together with the financial statements	audit all DMs and Communes/Sangkats.
Procurement and Financial Management procedures and standards are adhered to	Implementing regulations under the Law on SNA Financial Regime and Property are to be developed, as are financial management standards	MEF regular or on the spot inspection of SNA covering all aspects of financial management to be complimented by annual compliance inspections and management standards assessments	Some spot checks currently are practiced but a more complete annual inspection process will be developed
Reports about physical targets (outputs) are comprehensive, accurate, provide a reliable reflection of the use of SNA resources, provided value for money, and are available to the public		To be included as part of the SNA inspection process	Not part of the IP3
Administration and Management			
Human Resource Management procedures (recruitment, disciplinary action, etc) are adhered to	To be developed	MOI Administrative controls Individual grievance mechanism	Some spot checks currently are practiced but a more complete annual inspection process will be developed
Council proceedings (operations) are undertaken according to rules and regulations and are consistent with internal Council procedures	To be developed	MOI Administrative controls Individual grievance mechanism	
Management standards are adhered to	Standards are not currently developed		Process needs to be developed
Quality Standards			
Quality standards of infrastructure development ("permissive functions")	Various building and construction standards		
Quality standards for obligatory functions (not yet delegated)	Not yet developed		To be developed as part of the functional reassignment process
Rights and Responsiveness			
Safeguards	Safeguard officers		To be integrated into provincial SNA
Accountability working groups and complaints mechanisms	AWGs at provincial level	Complaints process set out	To be integrated into provincial SNA

7.3. Capacity for Policy Development

NCCD is responsible for policy development with regard to SNDD, with NCCD-S acting as its secretariat. Policy development so far has been generated in the sub-committees of NCDD with inputs from NCCD-S through pilot projects funded by some development partners.

Under IP3, NCDDS will focus on its core mandate and develops its capacity for the genesis of policy, the development of visions and conceptual frameworks and promotion of policy position across government. Responsibility for implementation of the reforms should be the concern of the relevant Ministry.

7.3.1. Role and Positioning of NCCD-S

The implementation of the NP-SNDD requires a continuous effort of policy direction by the RGC. To support it, the Royal Decree No. NS/RKT/1208/1429 created the NCDD as an inter-ministerial committee tasked with:

- Developing and recommending to the RGC the changes in national policy and legal framework required for the SNDD reforms, based on engagement with key actors and informed by empirical evidence from studies and databases; and
- Promoting, coordinating and overseeing the implementation of the NP including sub-national institutional transformation, the development of national systems of regulatory oversight and the arrangements for sector development and functional re-assignment.

The structure of NCDD-S can be reorganised and strengthened to play these roles.

7.3.2. Policy Issues under Development

The development of this framework commenced after the promulgation of the Organic Law and is on-going, but not yet complete:

1. **Legal instruments:** Many, but not all, of the main royal decrees sub-decrees and prakas have been completed and are in place;
2. **Staff management:** Temporary arrangements are in place for the management of SNA staff and for the payment of "project operating costs" (POC). A HR strategy is still to be developed, covering revised compensation scales, performance management and staff assessment system, cadre management arrangements, including career development pathways and, ultimately, a new civil service code for SNA staff;
3. **Funding modalities:** The draft Law on 'Financial Regime and Property Management' for SNA was drafted and discussed by NCDD in its meeting on 16 Nov 2010. There will be a need for further preparation of legal instruments regarding the mechanisms for the inter-governmental fiscal transfers, to DM, CS and Provinces and for the development of the SNIF, and for the use of own source revenues;
4. **Key SNA systems:** The specification of these systems - Council procedures, administrative systems, strategic planning systems - is set out in legal instruments but guidelines and manuals are still under development;
5. **Regulatory and oversight instruments:** Many of the legal instruments are in place and need to be extended to SNAs. Mechanisms for assessment of compliance are less well developed. Specification of national standards, required to operate the rules-based regulatory system described above have yet to be fully developed. Also, guidelines for strategic planning at District/Municipal and Capital/Provincial levels are under development.

6. **Organisational standards:** The use of standards as means of assessing organisational behaviour both to inform the national regulatory and oversight authorities and to promote local accountability has yet to be developed;

7. **Competence-based capacity development:** The introduction, specification and use of competence-based standard-setting and assessment for individual staff would parallel the development of a rules-based system of oversight and regulation at the institutional and managerial level. Such a system would allow the development of tailor-made, demand responsive training to be developed for delivery either through and Institute for SNA Capacity Development or from private sector Capacity Development organisations;

8. **Development of a "National Institute for SNA".** The proposal for a "National Institute for SNA" is consistent with the IPs approach. Such an Institute could lead in developing a framework and thereafter, supporting a system for competence and organisational based assessment and training. This would both support the development of a professional SNA class of official and help to define individual career paths.

    The development of assessment systems for SNA management and staff is consistent with a rules-based system of oversight and capacity development that separates:
    – The definition of processes and associated competences and standards;
    – The system of assessment associated with specific competences; and
    – The provision of professional CD support and mentoring.

9. **Functional re-assignment:** Protocols for functional re-assignment will have to be developed. Some sector Ministries have started to map out their national functions at the level of each SNA. Mechanisms are also required to allow SNA to "contract-in" sector expertise as well as to receive delegated functions and conditional grants;

10. **Communicating the policy vision:** Mechanisms for promoting the NP vision throughout government and with the wider public have yet to be developed.

11. **M&E and information systems:** The responsibility for data management and monitoring systems is distributed across government and has been developed at different stages, on a 'need-basis' and with unique structures and specifications. These databases need to be extended to cover all SNAs and to be brought together into a government-wide information system, covering the needs of both SNAs and of a range of national Ministries. Information requirements include: (a) the current situation in an SNA; (ii) investments and activities from a range of different sources; and (iii) the results of SNA activities and investment.

8.   PROGRAM MANAGEMENT

8.1.   Duration

The IP3 is the first three-year phase of the ten-year national Program to establish Sub-National Democratic Development. The IP3 will run from January 2011 to December 2013.

8.2.   Phasing

The IP3 is built around the vision and the principles of the Organic Law and the 10-year national Program (Section 4). This vision will evolve and, therefore, there is little value at this stage to setting out the scope of activities in the post-IP3 period.

More importantly, is the need to define the critical start up – or transitional arrangements - required to allow the IP3 Program to commence in January 2011.

The IP3 supports a **one-time, step-up in capacity** in that it relates to (a) the building of new capacity in newly established Districts and Municipalities to enable them carry out their own mandates, and to effectively support and cooperate with the CS; (b) the use of government systems, some of which are not fully developed; and (c) implementation by staff directly employed and reporting to Government (many of whom may have had no experience of the new systems and new ways of working).

The implications of this one-time, step-up in capacity for all Districts and Municipalities means that there is little scope for phasing within the IP3 time frame. However, it is expected that subsequent phases will require fewer resources, as SN capacity is built and government resources grow. Effectively, IP3 represents a capacity-building phase which will provide a base for a more gradual approach to demand-driven, tailored capacity development in subsequent phases of the National Program.

The step-up nature of capacity building in the IP3 Program also has implications for the posting and management of human resources: it means that care should be taken to ensure that SNA are not encumbered by posts and staff over and above 'normal' and sustainable levels.

8.3.   Key Program Milestones

During the inception phase of the Program, the following major milestones, as stated earlier, should either have been achieved or been agreed in outline or principle:
- Design of systems for districts and municipalities in respect of:
    - Council deliberation and civic engagement
    - Administrative and financial management systems
- Provision of human resources to districts and municipalities
- Establishment of a general purpose funding mechanism for districts and municipalities.

During the inception phase of the Program, the following milestones, relating to the setting up of the IP3 management structures, will need to have been initiated for Program implementation to be effective:
- Reorganisation of NCCD-S
- Establishment of a Policy Division and appointment of Policy advisers and staff
- Reorganisation of Program Support Division and appointment of staff
- Preparation of Sub-Program agreements
- Procurement of management agent for council mentoring
- Recruitment by NCCD-S of NP Advisers and the preparation of a Program for their capacity development

As early as possible in the life of IP3, the following key activities will need to be started:
- Capacity development
    - Development of CD materials based on system design (Guidelines/manuals)
    - Preparation of national CD team
    - Preparation of Capital and provincial CD teams
    - Preparation of CD plan in Capital and each Province
    - Launch of CD plans
- Funding systems
    - DM Fund
    - SNIF
- Oversight arrangements
    - Review existing systems and capacities
    - Establish mechanism, for multi-ministry inspection teams

- Policy development
  - Design of Functional reassignment process
  - Review of strategic planning systems
  - Review of HR management arrangements
  - Development of procurement and financial management modalities
  - Establishment of M&E framework, including a series of formative evaluations

Other milestones to the achievement of the Program outcomes are set out in Section 6. However, **towards the end** of the second year of IP3, and prior to the design of a subsequent phase, there will be a major review of progress. This review will cover all aspects of the Program, viz., policy development; SNA functioning and oversight arrangements.

8.4. Program Execution

The responsibility for execution of the IP3, including the mobilization and coordination of domestic and external resources and the overall planning and monitoring of its implementation, lies with NCDD-S.

8.4.1. Role and Positioning of NCCD-S

In order to develop the policy capacity described earlier, the structure of NCDD-S will be reorganised and strengthened, by:
- re-positioning itself to promote its secretary roles to NCDD as a whole of government agency with a greater buy-in across government.
- developing its own capacity to formulate policy by recruiting staff with a wider range of skills and backgrounds and positioning this capacity at the disposal of the NCCD sub-committees; and
- increasing the number of full time technical policy development national staff working in NCCD-S, either through secondment or contract.

Because of the structuring of the IP3 into sub-Programs to be managed by different implementing agencies, the roles of NCDD-S need to be redefined in order to support and coordinate with various IP3 implementation agencies.

8.4.2. Restructuring of NCCD-S

The structure of NCCD-S will be redrawn into two instead of three divisions, one for policy and the other for managing Program implementation.

A). Policy Division

The Policy Division will require appropriate technical assistance (TA) for capacity development purposes.

The Division will be strengthened to both generate and develop policy. It will be staffed by senior policy specialists, hired or seconded from different government agencies who will work together as a team to:
- maintain the reform vision and ensure coherence across all policy issues
- support the completion of legislation/policy and communicate the IP3 vision
- provide facilitation support in a number of cross-cutting policy areas and act as a secretariat to each of the NCCD sub-committees;

- set up a Program to communicate the vision and policies of the SNDD reforms to all stakeholders, including Ministries, SNA, Civil society and the general public. This will include development of the website, linked to the documentation centre, as both a repository of documents and as a tool to inform staff and others about policy development and implementation.
- Be responsible for the overall review and evaluation of the Program including setting up and running a Program level M&E system to monitor the implementation of the AWPB and to evaluate the extent to which the IP3 objectives have been delivered.
- set out the process for functional reassignment and a series of pilot reassignments during the period of IP3.

The critical work, to ensure an effective policy direction to the NP-SNDD and IP3, is that of the Working Groups and of the NCDD Sub-Committees to which they refer their policy analysis and recommendations.

An important lesson from experience is that the capacity of the NCDD-S to stimulate, and provide quality technical and policy advisory support to the Ministerial Working Groups, needs to be enhanced. Strengthening the capacity of the NCDD-S Policy Division is therefore a prominent component of the overall effort to strengthen the capacity of NCDD-S for managing the NP and IP3 execution.

In terms of policy development, NCDD-S will play a more central role in the process of policy origination, consensus-building and endorsement.

B).   Program Support Division

The primary mandate of the Program Support Division is to assist NCDD to execute theIP3 annual work plan and budget, through "contractual" agreements with a range of implementing agencies, including Ministries and Sub-national Administrations. The Program Support Division will be responsible for policy execution across the Program:

- **Provision of an SNA advisory service**. The purpose of this service is to support Districts/Municipalities to adopt the improved governance and administration practices extended to them under the various capacity-building interventions foreseen by the NP. Essentially NCCD-S will appoint and assign one National Program Adviser (NPA) to each DM. The Adviser will report on a day-to-day basis to the District/Municipal Board of Governors and work with Councillors and Administrators to introduce the new systems and to develop the required capacity and skills. The NP Adviser will also help the DM to coordinate and maintain a forward calendar of CD activities. The NP Adviser, to be contracted by NCCD-S, will not have any decision-making or financial authority. The DM-level NPA will report to NCCD-S through the Provincial NP Adviser, who will compile reports regarding the progress of DM level CD activities.
As a result, each SNA will be the recipient of CD support from three sources – periodic inputs from the council mentoring service and the provincial OD teams and a fulltime NP Adviser.

  The DM level NP Advisers will be supervised by a Provincial NP adviser and two M&E officers who will report directly to NCCD-S and assist the Provincial Administrations to coordinate all the activities carried out under the various sub-Programs.

- **Management and supervision of the Sub-Programs**. NCCD-S will define and administer "implementation agreements" between the NCDD and relevant Ministries for all sub-Programs. The Program Support Division will oversee each of the sub-Programs, ensuring development of Ministerial capacity for oversight and for coordination of inputs to provincial CD teams, translate the above agreements into National and Provincial "Annual Work Plans and Budgets" (AWPB) and release Program resources to the implementing agencies accordingly;
- **Administrative and financial management.** This unit will support all NCCD-S activities;
- **MIS unit:** NCCD-S will develop a conceptual framework and coordinate the development of the sub-national MIS, with databases maintained in different Ministries.

A dedicated Projects Management Unit will be established within the Division to manage NCCD-S's existing commitments (project agreements) which do not directly fall under IP3. NCCD-s will need to negotiate these agreements to cover these costs. This Unit is not included in the costs of IP3. Alternatively, some of the activities funded under these projects may be transferred, more appropriately, outside NCCD-S, to other Ministries.

8.4.3. Sub-Program Structure

Program components (and outputs) have been brought together into six sub-Programs according to implementing Ministry/agency.

The Sub-Programs set out the activities through which Ministries will contribute to:
- Building and developing SNA systems and capacities; and
- Developing their own central and provincial capacity to support and oversee local performance.

IP3 requires both financial and human resources. Responsibility for managing financial transfers to SNAs lies with MEF while NCCD-S is responsible for managing the capacity development activities through a range of implementing agencies.

Without financial resources SNAs will not be able to use improved capacities to deliver services and local infrastructure, and to develop local policies. Four funding arrangements are highlighted: the DM and CS funding arrangements, the Capital Provincial budget mechanism, and the SNIF, a project financing window available to all levels (Capital Provinces, DMs, CSs). The sub-Programs are focused at different levels of government, each with different roles in the planning and delivering of capacity development activities. viz. (i) NCDD-S; (ii) Sub-Program implementers; (ii) Capital Provincial Administrations and (iv) District Municipalities.

Figure 2: Overview
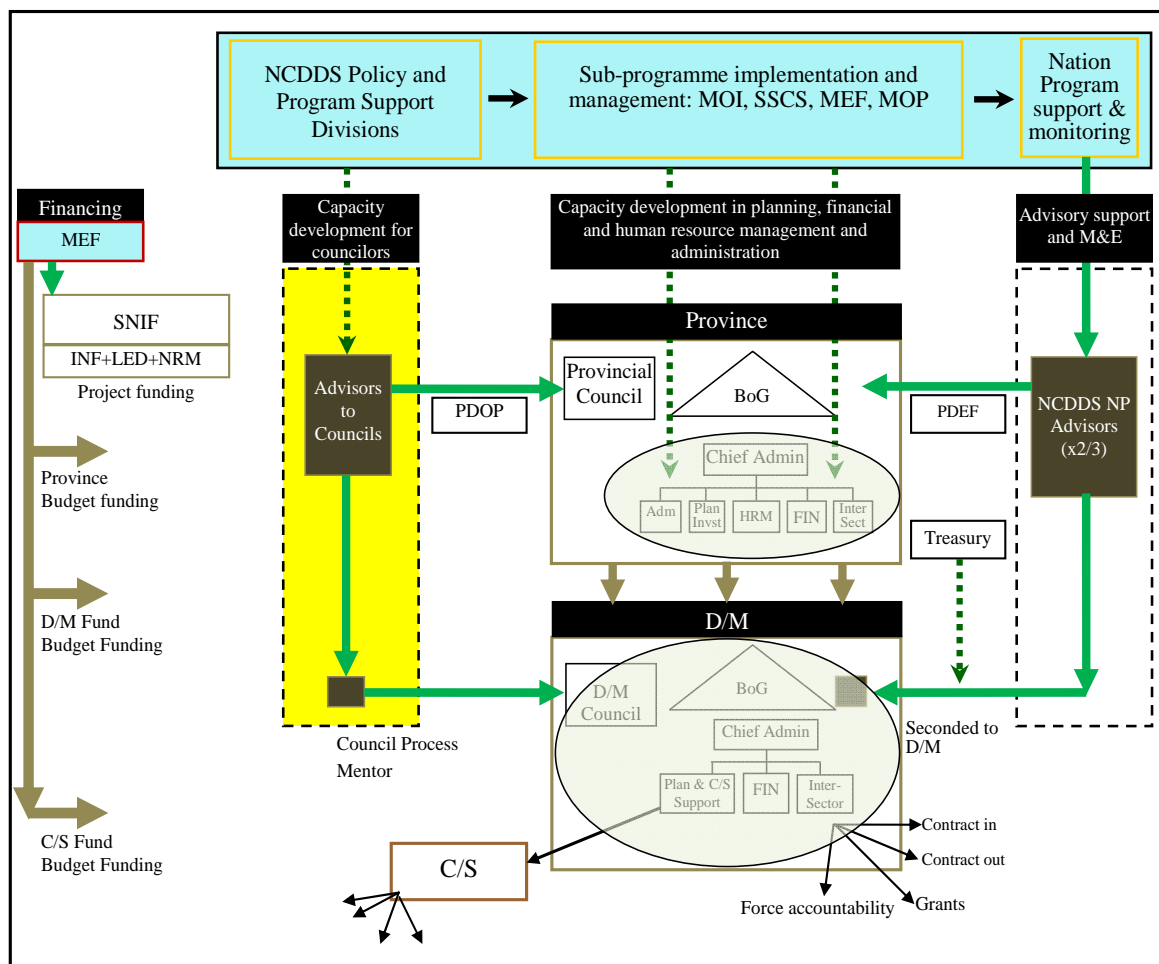
8.4.4. Staffing at each Level of SNA

The staff requirements for each of the sub-Programs are described in detail in the Sub-Program documents (appendixes). From the perspective of each level of SNA, support will be provided as follows:

A). District and Municipality Level:
- administrative capacity development is provided through CD teams, based in the HR Division of the provincial SNA, supported by the national CD team based in MOI and with specialist inputs from staff in core Ministries
- council capacity development will be provided by a professional organization to be contracted by NCCD-S, to prepare and manage a mentoring service Program
- advisory support is provided by NCCD-S directly through the appointment and assignment of one NP Adviser to each DM for a limited fixed term period of three years to assist DM Councils and administration to implement the new systems and ways of working

B). Provincial Level:
- Advisers will be directly placed in the provincial Administrations through the MOI Sub-Program with access to other specialist advice from the other sub-Programs.
- The DM Council mentors will be supervised at provincial level, by a provincial

supervisor who will liaise with the provincial administration, thus creating a team of three people in each Province, the Provincial Supervisor and two Monitoring officers, focusing on all the DM within the Province, but also supporting existing CS Councils and the Provincial Council

- The DM Advisers will be supported by a provincial NP Adviser, assisted by 2 monitoring advisors and 1 IT assistant. The provincial NP adviser will be responsible for (i) supporting and supervising DM Advisers; (ii) monitoring implementation of the D/M and C/S capacity development activities; and (iii) supporting the work of the Provincial Administration.

C). **Commune/Sangkat Level**
- Supports and capacity development will be provided through the "Planning and CS support" office of the DM administration.

8.4.5. Summary of Policy Development and Sub-Program Relationships

The diagram below summarizes the structures of IP3. It shows NCDD-S relationships with:
- the SNA, the main stakeholders and the focus of the Program;
- the implementing Ministries and the sub-Programs; and
- NCDD sub-committees and support to policy development.

**Figure 3: Policy Development and Sub-Program Relationships
of NCDD in Implementation of NP-SNDD and IP3**
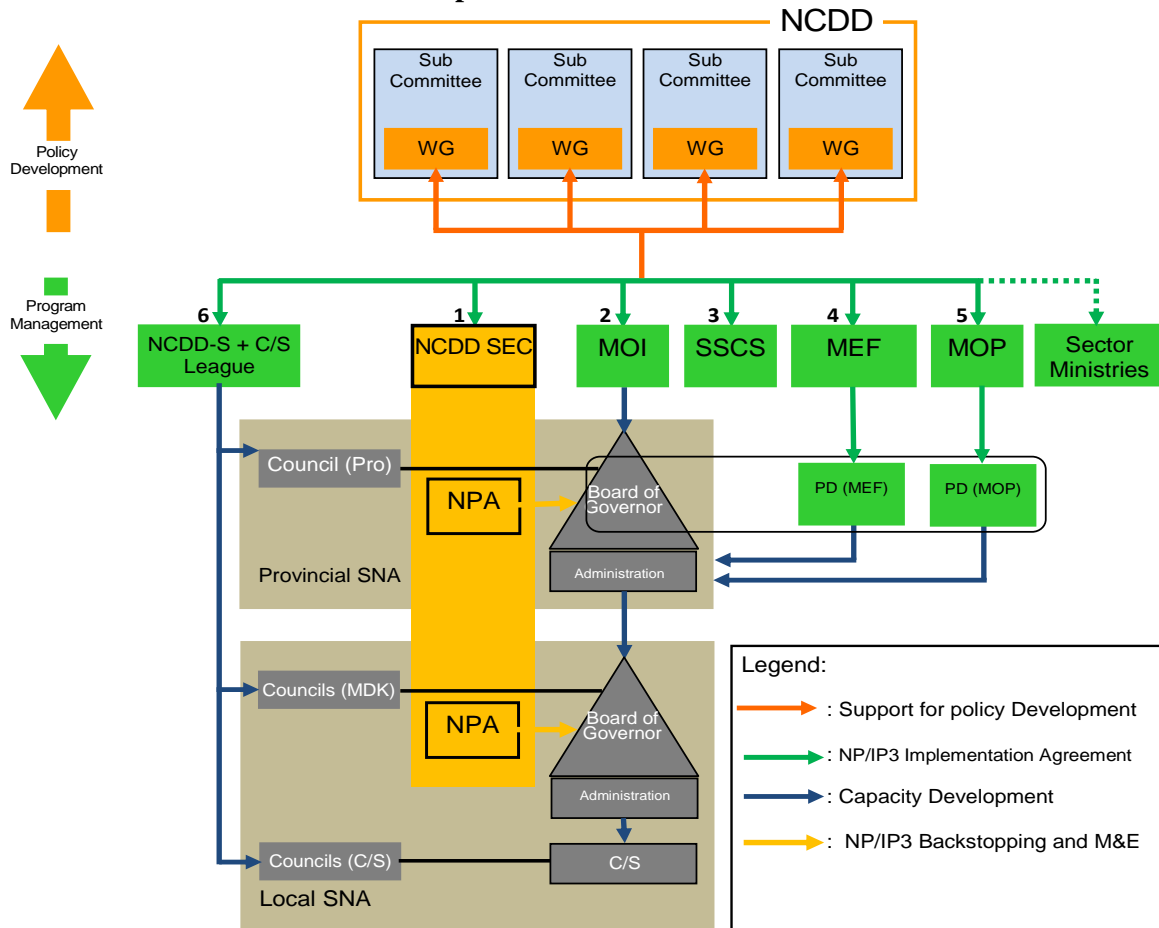
8.5. Managing and Monitoring Program Implementation

The Organic Law, the National Program and IP3 signal a shift towards institutionalising core functions though the filling of substantive positions by civil servants funded by the regular budget system of government (i.e. non-project modalities). However, as was stated earlier, the establishment of these new Sub-national systems and capacities requires a one-time step-up capacity-building effort.

In practical terms, the staffing of SNA, the funding and operation of SNA together with the staffing and operations of the oversight and regulatory arrangements and some of the capacity development activities at provincial and national level are not included in the costing of IP3,as these are appropriated under the regular government budget and fiscal transfer to SNA.

The incremental or step-up activities and costs of the IP3 will be programmed through annual work plans and budgets. These should not be integrated into the budgets of the SNAs since these activities are to build capacity and will not be part of the longer term activities of the SNA.

8.5.1. Annual Workplans and Budgets

The deliverables specified in the IP3 will be implemented through a series of Annual Work Plans and Budgets (AWPBs). A separate work plan will be prepared for each Sub-Program/ implementing agency and consolidated into an overall workplan for the whole IP3. The workplans will be articulated in terms of Program 'results' - outputs and outcomes - rather than by funding source.

The workplan will consist of 7 parts:
12. A short review of the current situation and progress under previous workplans, including achievements, constraints and opportunities;
13. A description of the specific purpose of the workplan and its link to the IP3 purpose and goal;
14. A set of outputs/deliverables, with indicators at the end of the workplan period;
15. The detailed activities (timetable (Gantt chart), responsibilities and costs by component/output (budget) over the duration of the plan;
16. A statement of funding sources (where resources are provided from outside NCCD-S);
17. Identification of activities and issues outside the control of the implementing agency which need to be in place to ensure workplan outputs are achieved and how these activities will be funded; and
18. A procurement plan showing how activities will be contracted or arranged.

Workplans will be prepared for each implementing agency:
- Capital and Provincial (23) workplans will consolidate activities targeting DMs and Provinces and Commune Sangkat
- Ministerial (MOI, MEF, MOP, SSCCS and National League) workplans will include both oversight and capacity development activities
- NCCD-S's own work plan will show separately the activities of the Policy Division and the Program Support Division

Arrangements for approving any revisions to workplans and for moving resources between components will be developed. The reason for such changes will be documented and archived.

8.5.2. Management and Monitoring of Workplans and Budgets

In general, workplans will be reviewed quarterly.

Associated with the Sub-program agreements and fund flow modalities, a reporting format will be prepared. This report will be used to (a) release funds and (b) agree future workplans. The reports will also be the basis for higher level Program monitoring.

 These reports should be seen as the instruments through which NCCD-S manages the Sub-program agreements (and not just formal reporting mechanisms). The monitoring process will require regular meetings with each implementing agency, structured around the work plan and quarterly report. In the case of the SNA workplans, progress will correlated with reports from the NNCD-S NP Advisory teams.

8.5.3. Program Management Information System and Computerization

The Program management information system (MIS) will support the workplan implementation and monitoring. The tool will consist of (a) formats for entering and storing work plans and reports and (b) the protocols to generate standard and ad-hoc reports, covering individual workplans as well as consolidated plans over time and for the IP3 as a whole.

The system will be designed to serve the needs of the Program Support Division of NNCD-S but will be available more widely for monitoring and evaluation purposes.

8.6. Human Resource Management

The IP3, as stated earlier, represents the transition from project(s) based modalities to promoting reform through a program-based approach, working through government bodies and using government-managed staff and systems.

8.6.1. Background

Competent human resources are scarce, with respect to the ambition of the Government and the expectations of its citizens. This is true for the National Administration, and the Sub-national level. This situation will change through establishment of a clear and sustainable system for human resource development in short, medium and long term.

This lack of competent human resources is not the only factor behind low capacity. Other factors include weak organisational systems and the limited financial resources available to different bodies etc. The logic of this analysis is that any viable strategy for SNA human resources must be based on a combination of measures including:
  i. provision of intensive HR development programs;
  ii. development of an appropriate system of performance and hardship incentives; and
  iii. the ability of SNAs and NCDD-S to recruit personnel on a contractual basis for critical technical positions.

Further, existing capacity is often embedded in project-type structures and systems outside of government system, with staff funded and incentivised through DP-supported salary enhancement schemes.

A).   Sub-National Level

At the sub-national level, the reforms to date have been implemented through the ExCom, a mechanism established to harmonise and coordinate different funding modalities and to support capacity development and project implementation. The staff of ExCom are government officials, from a range of departments, who are contracted by NCDD-S to fulfil certain functions and, therefore, much of the sub-national capacity and individual skills that have been built over past several years is located in ExCom. The Organic Law enables and expects these functions and responsibilities to be fulfilled by SNA. The start of the IP3 program coincides with the ending of ExCom and the commencement of these new governance systems at Sub-national level.

As a result, some staff of ExCom will return to their parent Departments. Since, in general, these staff members are relatively competent, they may seek and find other secondments or join other projects with higher salaries. Some may join the provincial or district administrations on a permanent basis and others will take positions in the new Provincial District and Municipal administrations.

The desired vision for Sub-national human resources should be a mix of civil servants and privately contracted staff, primarily funded from regular budgets, with appropriate scales for SNA remuneration and incentives of civil servants. This would allow SNAs to decide between the employment of staff or the "contracting in" of services on the basis of effectiveness and appropriateness rather than just cost.

The costs of SNA staff are currently provided through national budgetary transfers. This allows each SNA to be able to decide the quantity and composition of their human resources within limits... However, each SNA will need to balance the resources allocated to the development of their own capacity with the resources available for local development activities, subject to a cap on their administrative costs.

B).   National Level

The role of the national Ministries is to oversee, regulate and support SNA operation and performance. For that, Ministries need to develop their capacity. The oversight and regulation of SNAs is an existing function of the central Ministries and, in most cases, the systems and procedures have already been developed. Capacity is required to allow core Ministries to exercise their mandate in all SNAs and to change the manner in which oversight is exercised. As the process of functional re-assignment proceeds, there will also be a need for the sector Ministries to develop technical standards as a basis for delegating specific functions to SNA.

C).   NCCD-S

NCCD-S should be restructured as a secretariat for the promotion and management of the reforms, under the guidance of NCDD. NCDD-S staff come currently from the NCDD Ministries. Under IP3, NCCD-S will focus on policy development in close cooperation with government Ministries. Therefore the NCCDS should fill its staffing needs with staff who have policy development background from different Ministries into its structure in order to strengthen its secretary roles to NCDD in the implementation of D&D reform in accordance with the Organic Law.

The proposed restructuring and repositioning of NCCD-S aim at strengthening reform policy generation which requires policy specialists, working together as a team. This will require the NCCD-S Policy Division to be staffed by high-level policy specialists from across government, academia and elsewhere. These staff may be secured though secondment from their parent

Ministry, continuing to receive their government salaries, incentives, or be contracted directly by NCCD-S.

8.6.2. Medium-Term Approach

Over the life of IP3, NCCD-S will:

a. prepare, in conjunction with the SSCS, a HR strategy leading to the development of a separate civil service code for SNA staff (Sub-program 3). Associated with the preparation of the new SNA civil service code, will be the development of a revised set of SNA salary scales in order to identify options for providing incentives for staff to serve in remote and less attractive locations. However, enhanced salary scales have implications for all government budgets and this will, therefore, need to be addressed within the overall constraints of the public finance; and

b. consider the establishment of an "National Institute for SNA ". The Institute would develop a system of competence-based training (and assessment), which could lead to a certification system for SNA staff and contribute to development of their career paths.

8.6.3. Approach to Human Resource Management

This consists of the interim measures for the posting and management of staff at the SNA level which is required in the starting phase of IP3, as well as the approach to securing human resources for the implementation of IP3.

Interim Arrangements for SNA

Regulations have already been developed to immediately allow SNAs to manage their personnel. Selected transfers from the central administration have been initiated, first with MOI personnel, working in Capital, Provinces, Districts, Municipalities and Khan, and have been integrated into the new administrations; and then with other ministries' staff, while the functions and resources are transferred. This means change of accountability line that requires staff report to SNA Governors in accordance with temporary arrangement.

Implementation Arrangements

a). Government staff in substantive posts

The IP3 attempts to distinguish between (i) staff required immediately for time-bound capacity-building/development activities needed to introduce the reforms, and (ii) the staff responsible for the on-going implementation and oversight of the reforms.

Staff in the first category have additional responsibilities and will be expected to contribute to the capacity development of the units in which they are assigned. In practice, this category of staff includes the following types of positions:

- At the **DM level**, posts related to the transition of support to CS from ExCom to Districts and Municipalities;
- At the **Capital, Provincial level**, posts in the new Capital Provincial Administrations and some Provincial line Departments responsible for capacity development at the DM Khan and Commune/Sangkat level.
- At the **National level,** similarly, all posts related to on-going administration and oversight are not considered to be capacity development- related and are, therefore, not treated as incremental. Posts in NCCD-S related to policy

development are considered to be capacity related - since they are for a fixed period, viz, the life of the NP.

b). **Contracted National and International Advisors, Officers and Support Staff**
Given the current constraints of both attracting and recruiting high-quality, competent government staff, additional contracted staff are proposed for specific posts under IP3. These posts include advisers, managers and support staff. Both the advisory and managerial posts are considered to be incremental to Government costs. In practice, the following categories of posts will be contracted:

- At the **DM level,** one NP Adviser post, focused on capacity development will be appointed for the three year life of the IP3;
- At the **Provincial level**, a number of advisory and managerial posts are proposed. These posts are all related to capacity development and include:
    - One (1) NPA Adviser, two (2) M&E officers and (1)IT officer to coordinate the DM advisers, to liaise with the Provincial authorities and to report to NCCD-S, with associated support staff;
    - A Council coaching/mentoring team, under NCCD-S which can be contracted out to individuals or professional CD agency; and
    - Provincial advisers, based in the Provincial Administration who will contribute to the CD activities
- At the **national level**, a mix of both technical advisers and management staff in Ministries and NCCD-S are proposed:
    - In Ministries, advisers have been limited and are focused on capacity development. Additional capacity for SNA audit has been costed – this is an on-going regulatory activity, but one for which there is insufficient internal or budgetary capacity.
    - The repositioning, restructuring and refocusing of NCCD-S on policy development, means that the distinction between capacity development and capacity substitution resources can be loosely mapped to the resources allocated to the Policy Development and Program Support Divisions. However, the nature of capacity substitution will be somewhat different under the new focus, since there is no concept of an 'enduring' function for any of NCCD-S's mandate. The critical issue for NCCD-S is to bring in – from across government and outside government– competent staff who can promote the reforms.

8.6.4. HR Procurement and Lines of Reporting

Under IP3, wherever possible, all contracted staff will be recruited, managed and report to NCCD-S, unless assigned under the Sub-program arrangements to the concerned Ministry.

Staff in self-standing projects will continue to report under agreed project management arrangements. However, NCCD-S will work closely with these projects to ensure that they are closely aligned with the overall policy direction of IP3. This is particularly important in the case of policy experiments or pilots which should be undertaken to test policy rather than to determine policy.

This requires a change to the current complex and ambiguous reporting arrangements for contract staff, resulting in a lack of clarity as to their role as Government Advisers.

8.6.5. Remuneration

A).   SNA Councillors, Governors and Officials

So far, the honoraria of sub-national Councillor and the salaries of Governors and officials are covered through fiscal transfers from the national budget. This will continue to be the case in the future with the SNA transfers. Rules, similar to those applied to the CS fund, about the proportion of the resources allowable for salaries and administration will be determined. Remuneration for Councillors and Governors and personnel are fixed by the Government.

B).   Central Government Civil Servants

Salaries for government staff are paid according to national scales and standard rules.

The rules allow individuals to take leave of absence and find new posts in projects and NGOs whilst retaining their substantive position. As a result, the IP3 must contend with the reality that competent government staff can find alternative employment and, thereby, earn higher salaries by taking leave of absence. As a result, the RGC and Development Partners have recently agreed a national scheme covering 'project operating costs' (known as POC) which standardises additional payments across all projects - for a limited period and under certain conditions.

NCCD-S will abide by the terms and conditions of this arrangement. As explained earlier, the IP3 distinguishes between civil service posts with responsibility for on-going and regular activities of government and those posts where there is significant additional capacity development responsibilities related to IP3 activities. The latter posts would be eligible for POC payments. The position regarding the oversight and regulatory functions of some Ministries (for instance the National Audit Authority and National Treasury) requires an expansion of capacity to cover the newly established SNAs. This capacity is included in IP3 in the form of service contacts and/or POC (treasury accountants).

C).   Staff for Policy Development

NCDDS is responsible for coordination of policy development and implementation of IP3/NP-SNDD. As a result, and to build its capacity, NCDD-S will:
- increase the number of full time policy development posts - bring staff from other Ministries, on secondment or contract, in order to better reflect the "whole of government" approach; and
- negotiate with DPs to take responsibility for the recruitment and contacting of all NCCD-S Advisers, both national and international and, where DP support is in the form of personnel, to arrange for these Advisers to report to NCCD-S.

Advisers, consultants and contract staff, national and international, will only be responsible for supporting or developing the capacity of substantive officers and post-holders of NCDDS.

8.6.6. Number of Advisory Staff

Advisory staff are required at the National and SNA levels.

A).   DM Level

Under IP3, it is proposed to provide funding under POC conditions for 3 DM staff in the "Planning and CS Support Office" and a service contract for IT support. Infrastructure advisory support required to continue to support the operation of the CS Fund and to assist DM office will be

provided, initially from the Province, but this post will be transferred, at a later stage, to each DM.

On top of these key posts, an NCCD-S contracted NP Adviser will be assigned to each DM.

B).   Provincial Level

Under IP3, it is proposed to provide funding under POC conditions for 30 staff (out of an estimated average of about 400 staff per provincial SNA). This includes approximately 8 infrastructure officer posts in each Province who will be transferred to DMs during the life of IP3. As well as these posts, POC will be paid to an average of 9 staff in the provincial treasury, with special responsibility for CS and DM accounts.

Additionally 4 Advisors, contracted through the different Sub-Programs, will be assigned to each Province to support capacity development activities.

Outside the Provincial SNA, NCCD-S will also contract Advisers staff for capacity development and Program monitoring, primarily at DM level. This will include:
- a Provincial NP Adviser, together with 2 M&E officers and 1 IT Specialist , reporting directly to NCCD-S for a fixed period of 3 years; and
- a Council coaching/mentoring team, consisting of 3 people, employed by contracted by NCCD-S and again contracted for a limited period of 3 years.

C).   National Level

The number of posts proposed under IP3, at the national level, relates to both Policy development and Program implementation and is spread across all sub-Programs (Table 6).

Table 6: Summary of Human Resources at National Level

Descriptions	POC	National Advisers	International Advisers
NCCD-S	55	27	13
MOI	24	8	
SSCS	4	1	1
MEF	6	2	1
MOP	7	3	1
NLCS	4	1	1
Total	100	42	17

8.6.7.   Phasing of Advisory Staff

The number of contracted posts proposed in IP3 is considerable less than previously employed through PSDD and other arrangements. At the same time, the IP3 represents the opening up of the DMK level with new administrations being directly targeted, a change in the approach to both capacity development and oversight/regulation, as well as changes to the support arrangements for CSs.

This will require considerable effort to recruit and train Advisers during the transition period and first year of the IP3. The first year of IP3 will have a significant design dimension, followed by the roll out and support to the news systems in subsequent years. As a result, the working assumption in the design of IP3, unless there are other specific reasons, is that Advisory staff will be required at roughly the same level throughout the period of IP3. Towards the end of 2012, prior to the design of the next phase, this assumption will be reviewed.

8.7. Financial Management and Procurement Modalities

IP3 is conceived, by design, as an integrated Program, yet structured into several components (Sub-programs); it shall be executed by the NCDD Secretariat (NCDD-S) under the policy guidance and oversight of NCDD, and the active participation of other government (implementing) agencies (MOI, MEF, MOP, State Secretariat for Civil Service, relevant ministries), and the National League of CS Councils.

8.7.1. Implementation Agreements

The relations between NCDD and the Sub-program Implementing Agencies are shown in the following generic diagram.

The green lines show the circuit of resources transfers from NCDD (managed by NCDDS on behalf of NCDD) to imprest accounts of implementing ministries and SNAs:

Figure 4: Flow of Funds
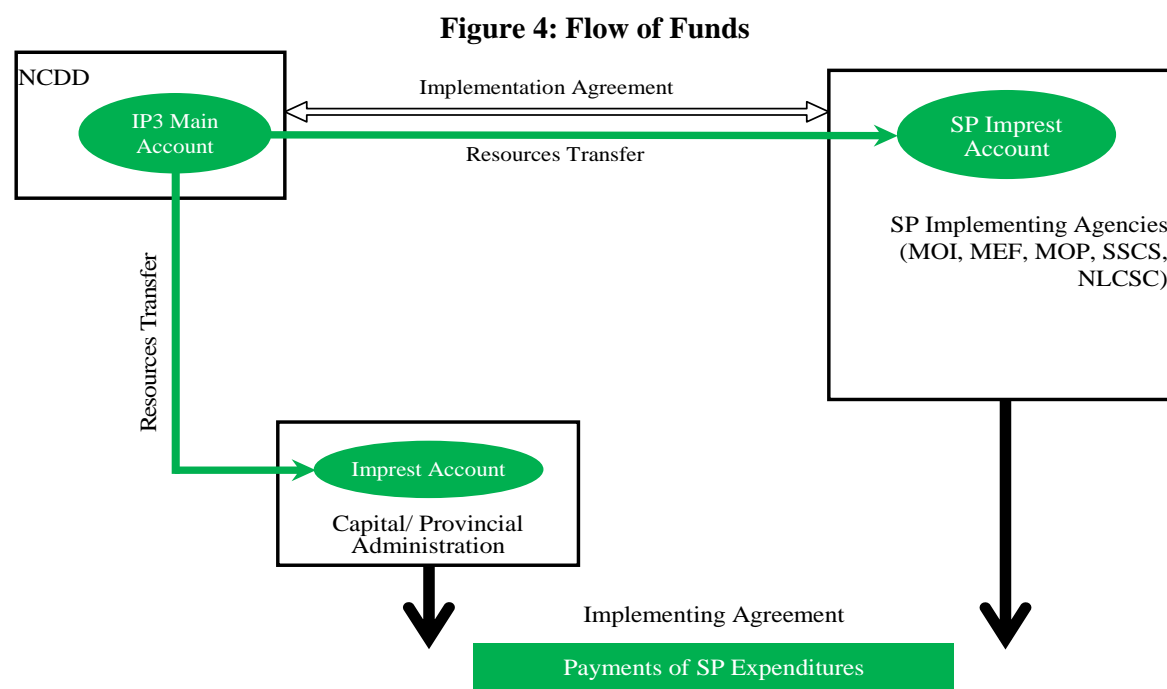
- An **Implementation Agreement** shall be signed between the NCDD and each Implementing Agency, to specify the rights and obligations of the two parties and the financial and operational modalities in respect of the implementation of the Sub-Program;
- NCDD-S shall administer the execution of the Implementation Agreements on behalf of NCDD;
- Each Implementing Agency shall be required to prepare, and submit to NCDD-S for review and endorsement, an annual working plan and budget (AWPB) for its Sub-program and related resource requirements estimates, indicating activities and related payments that:
  - should be managed at central level through the SP Imprest Account or
  - should be managed through the imprest account to be set up by NCDD-S under the authority of the Capital/Provincial Governor.

- NCDD-S shall consolidate all Sub-program capacity development activities taking place at sub-national level shall into a single provincial AWPB to be executed under the coordination and support of the Capital/Provincial Governor;
- Implementing Agencies shall be required to submit to NCDD-S periodic technical and financial reports on the implementation of their IP3 respective activities in a specified format, indicating progress in delivery of agreed activities and outputs.

8.7.2. Procurement Arrangements

Procurement of goods and services under IP3 shall be based on the following rules:

- In principle, the Implementing Agencies shall be empowered through the Implementation Agreements to execute the annual working plan and budget, and settle related payments through their respective Imprest Accounts;
- Nevertheless, responsibility for the procurement of Technical Assistance (TA) services (national and international advisers, experts, or consulting firms) shall be shared between NCDD-S and the concerned SP Implementing Agency as follows:
  - The Sub-program Management Unit shall prepare and submit to NCDD-S , prior to advertisement, draft Terms of Reference (TOR) and contracting modalities of all national and international technical advisory personnel to be employed by the relevant Sub-Program,
  - NCDD-S shall review the draft TOR and, once agreed, issue a "No Objection" notification to the Sub-program Implementing Agency
  - The selection of the TA providers shall be made by a panel of reviewers to be set up by the concerned Implementing Agency, and including a representative of NCDD-S; to be valid, the decisions of the panel must be made in the presence, or with the written agreement, of the NCDD-S representative
  - Selected TA providers shall be contracted by NCDD-S on behalf of the SP Implementing Agency.
  - The Implementing Agency shall be responsible for monitoring the execution of the TA services contracts, and authorizing payments to the concerned TA providers.
  - Payments of TA providers' fees and bills shall be made by NCDD-S by drawing on the resources allocated to the concerned Sub-Program; NCDD-S shall keep the Implementing Agency informed on all payments made in respect of TA services contracts.

8.7.3. Flow of Funds

Management of IP3 resources will be in accordance with the following arrangements:

- NCDD-S shall mobilize and manage financial resources contributed to the execution of IP3 through a bank account (**IP3 Main Account**);
- At the same time, each national Implementing Agency will be required to open a bank account (**Sub-program Imprest Account**)
- The Governors of the Capital / Provincial Administrations will be also requested to have an account opened at a duly licensed banking institution (**Provincial IP3 Imprest Account**)
- Based on the agreed AWPB, NCDD-S will use the IP3 Main Account to:
  - transfer resources into the various Sub-program Imprest Accounts (national level)
  - transfer resources into the Provincial IP3 Imprest Accounts (capacity development activities managed at sub-national level), and
  - make direct payment to suppliers of goods or services to be procured under the Sub-program (where applicable)

- NCDD-S will transfer in the beginning of each year an advance into the SP Imprest Accounts and the Provincial IP3 Imprest Accounts, and then replenish the accounts based on proper reporting by the Implementing Agencies and the Capital Provincial Administration Governors
- The Sub-program managers and the Capital Provincial Administration Governors will be responsible for making payments of Sub-program expenditure out of their respective Imprest Accounts, and account for these payments in accordance with IP3 financial rules and procedures.

8.7.4. Projects Directly Executed by the Development Partners

A DP may want to contribute to the financing of IP3 through the design of a specific supporting project that the concerned DP may execute directly or designate an executing agent other than NCDD-S. In this case the DP or the designated executing agent will be responsible for procurement of inputs and project activities; and its contribution to the IP3 will be deemed "in kind".

In order to avoid risks of uncoordinated interventions, where this modality is applied, a clause should be introduced in the project document requiring that the annual project activity plan be coordinated with NCDDS in order to align with priorities of IP3 or to be cleared by NCDD-S. In addition, in the implementation of the project, NCDDS should coordinate with those DPs to oversee a degree of control over the opportunity, nature, quality and timing of delivery of all inputs required for the Program.

8.7.5. Audit Modalities

IP3 fiduciary safeguards structure shall include two mechanisms: (i) internal control policy, and (ii) regular independent audit of accounts.

A). Internal Controls

The **Internal Control System** consists of all policies, rules and standards of behaviour to be embedded in the Program and supporting projects' administrative and financial management procedures to:
1. protect resources and assets from waste, fraud, and unauthorized use;
2. promote accuracy and reliability in the accounting records and financial statements;
3. enforce compliance with established management procedures;
4. promote and evaluate effectiveness of operations (achieving the Program objectives and outputs within the established timeframe).

While the fourth component of internal control (evaluating effectiveness) falls within the scope of the Program "*Monitoring and Evaluation*" function, the first three components are usually fulfilled through the *internal audit* function.

Therefore, NCCD-S management will have to decide as to how to formalise the internal audit function within the IP3 management structure by appointing an **internal auditor** who will report to the Chairman of NCDD-S.

The primary mission of internal audit is to *review*, *evaluate, and report on the effectiveness of the internal control system* in respect of IP3 core management and supporting projects executed by NCDD-S; this is achieved through the following:
- assessing the accuracy and completeness of the accounting records and financial reports

- checking compliance with established administrative and financial rules and procedures, in particular those relating to the efficient, lawful use of resources and inputs.
- recommending any change/refinement of the existing work procedures when needed to enhance the internal control mechanisms, prevent risks and errors in the accounting system, and improve efficiency of operations.

B). External Controls

Independent audit of IP3 operation and accounts (core IP3 management structure and supporting projects executed by NCDD-S) will be contracted out to a professional auditing firm through a competitive bidding process.

The following arrangements would apply to the procurement and deployment of independent audit:
- An Audit Committee is to be set up under IP3 management structure (NCDD-S), including:
    - NCDD-S Chairman (or his representative): Chair of the committee
    - 2 representatives of the Development Partners supporting IP3 (to be designated by the college of DPs)

    The Audit Committee would be responsible for:
    - setting IP3 audit policy;
    - clearing the terms of reference for the selection of the independent auditor; and
    - reviewing audit reports and recommendations.
- The scope of the independent audit is to:
    - ascertain the fairness with which the accounting records and statements present the correct financial position of IP3 operations and accounts; and
    - evaluate the consistency and integrity of the internal control system;
- The independent auditor is to be selected through a competitive bidding process, in conformity with the established IP3 procurement policy and procedures.

8.8. Start-up and Transition

The IP3 sets out supporting activities focusing on SNA in particular on DM and assumes that the following conditions are in place at the start:
- A minimum set of staff will be in position at DM, Capital Province and national level
- Financial resources will be available to DMs Commune/Sangkat as well as Capital Provincial budget.
- Key systems will have been developed, in prototype form or as draft manuals/ guidelines - to enable DM to begin to function, including:
    - Council deliberation and operations;
    - SNA functioning as an executive; and
    - Oversight and regulatory controls arrangements are in place.

Program support arrangements will also need to be developed, including design of the formats for the Annual Workplan and Budget and for monitoring/reporting. Sub-Programs will need to be prepared and discussions undertaken with concerned Ministries to ensure understanding of the IP3 focus, agree deliverables and put in place management and reporting arrangements. NCCD-S commitments for the management of existing projects will need to be revised and renegotiated.

Table 7: Overview of the Start up Process

Sub-Program/Key Areas of Implementation	2011
Sub-program 1: Policy Development and Program Coordination	
Pre-requisites/Foundations	
Key regulations required by the organic law are in place	■■□□
All staff in the Policy and Program management Divisions of NCDD-S	■■□□
SNA management systems (planning/budgeting, performance management, accounting, internal reporting) are in place	■■□□
Design of Council procedures and mentoring service in place	■■□□
SNA computerized management systems are in place	□□■■
Implementation	
Functional reassignment/contractual delegation arrangements are designed	
Functional reassignment and contractual delegation arrangements are piloted and assessed	
Sub-program 2: Staffing, Capacity Development and Provision of facilities for District and Municipal Administrations	
Pre-requisites/Foundations	
Staff transferred to SNA on a temporary basis	■■□□
Regulations for HR management and administration are in place	■■□□
Capacity building processes and materials are developed	■■□□
Provincial NP Advisors are in place and trained on capacity building	■■□□
Implementation	
HR and Administrative capacity of SNA developed	□□■■
Facilities for Provinces and DMs provided	□□■■
Sub-Program 3: Human Resource Management of SNA	□□■■
Pre-requisites/Foundations	
Interim arrangements of SNA staff management developed	
Implementation	
HR strategy for SNA staff developed	
Civil service Code for SNA developed	
Sub-program 4: Sub-National Administration Resources	
Pre-requisites/Foundations	
Framework to operationalize DM and SNIF funding in place	■■□□
Regulations for financial management in place	■■□□
Capacity building processes and materials developed	■■□□
Provincial financial advisors in place and trained	■■□□
Implementation	
CS fund operated	■■■■
DM funds operational	□□□□
Financial management capacity of SNAs developed	□□□□
Sub-program 5: SNA Planning and Investment Program Systems	
Pre-requisites/Foundations	
Regulations for planning in place	■■□□
SNA computerized planning systems are reviewed and revised	□□■■
Capacity building processes and materials developed	■■□□
Implementation	
Planning capacity of SNAs developed	■■■■
Sub-program 6: Capacity of the Association(s) of Councils	
Pre-requisites/Foundations	
Strengthen National League of C/S (strategic plan of Secretariat)	■■□□
Study options for establishment of SNA council association	□□□□

Note: ■ = implementation taking place on a quarterly basis, □ = completed or not yet started (i.e. not being implemented)

9. MONITORING AND EVALUATION

9.1. Overview

The M&E strategy for IP3 consists of several inter-related processes. NCCD-S has overall responsibility for Program-level M&E and for developing a coherent and integrated M&E system for the sub-national democratic development policy reform and related institutions. The M&E strategy is designed to address two key areas:

i. **Program evaluation** is the responsibility of NCDD-S (Research, Evaluation and Document Office of the Policy Division). The M&E framework will be designed to promote learning and to enable policy makers to make informed, evidence-based decision. M&E will be integrated into key activities, especially the evaluation of whether pilots have been effective. Evaluation includes assessing and evaluating:

   - Program outcomes;
   - Program impact; and
   - Policy options.

ii. **Program implementation monitoring** is the responsibility of the Monitoring, Reporting and IT support Office under the Program Support Division of NCCD-S. This includes:

   - **Monitoring capacity development** outputs, activities and inputs, as programmed under the annual work plan and budgets. The description of each Sub-program therefore contains a description of its M&E arrangements. Monitoring progress against these indicators is the responsibility of NCCD—S;
   - **Tracking SNA capacity and performance** (i.e. SNA activities and outputs) focusing on SNA activities and investments, financed through decentralized and deconcentrated funding arrangements and their ability to monitor and evaluate their own performance and outputs (i.e. SNA M&E). Indicators of performance reported and **aggregated** by Province, DM or CS, leading to the preparation of SNA "league tables" with indexes created for each level in the results chain. This is the responsibility of MOI; and
   - **Supporting the development of central Government** arrangements and information gathering for oversight of SNA performance, tracking of public expenditures, HR management and public assets management. This is the responsibility of core Ministries, viz. MoI, MEF, MOP and SSCS. NNCD-S will support the development of multi-Ministerial inspections, supported by an integrated database, managed by each Ministry, but available to all Ministries.

M&E requirements are linked through the Program's results framework (Table 17).Data collected at one level will be aggregated and used to meet the requirements of other levels, minimizing collection of the duplicate data. Where possible indicators should be **generated** as by-products of processes which have value or merit in and of themselves (for example compliance inspections).

The Research, Evaluation and Documentation Office in the Policy Division of NCCD-S is responsible for leading M&E activities, by developing an overall M&E framework and ensuring that results of Program evaluations are available to inform policy development. This office will work closely with the Monitoring, Reporting and IT Support office of the Program Support Division of NCCD-S which will be responsible for technical aspects of M&E and the management and coordination of databases. In turn, the Monitoring, Reporting and IT office will work with similar units in other Ministries to support the development and use of a set of coherent and linkable databases.

9.2. Program Evaluation

The goal, purpose and structure of the Program, together with the logic chain and the expected results, were described earlier (Section 6). An effective M&E system requires this structure to be expressed in terms of the processes and indicators which will be used to determine results and the arrangements to be followed in order to provide the required data.

M&E at the outcome level relates to changes in the governance framework and the resultant changes in the type, nature and manner in which services are delivered to citizens. At the impact level, the focus is on the resultant changes in the lives of citizens (Figure 5).

Figure 5: Governance Framework and Results

Good Local Governance Framework					Citizen Results	
Area	Voice and representation	Transparency	Accountability and Autonomy		Local Policies and decisions are ALIGNED to citizens priorities/ expectations; Local Government is RESPONSIVE (Councils do the right things)	Poverty reduction
Political						Voice
Social					Local services delivered EFFICIENTLY, according to citizens expectations. Actions of different levels of government are COORDINATED and coherent	Services Rights Livelihoods
Administrative						
Inter-governmental					Minority RIGHTS / rights of the disadvantaged are protected	

The details of the "Local Governance Framework" are spelt out in Figure 6, below.

Figure 6: Governance Framework for Collecting Indicators

AREA	Voice, Representation and civic engagement	Transparency and Reporting	Accountability and Autonomy
POLITICAL (Citizen-Council)	Citizens engaged in planning processes and participate in elections. Citizens (especially disadvantaged groups) have a means to voice their interests/complaints	Councils report results regularly to the public	The political process holds decision makers accountable; complaints are addressed; councils listen and respond
SOCIAL (SNA- Civil Society)	Citizens form groups to reflect their interests and ask government to include their interests	Civil society (including the press) inform citizens	
ADMINISTRATIVE (Councilor-Administrator)		Administrators report regularly to councillors and provide them analysis to make informed decisions	Administrators are accountable to Councillors for their performance
INTER-Governmental RELATIONS	Lower level elected officials participate in planning and other processes at higher levels which affect their communities	Councils report regularly to other levels of government, especially when resources are transferred	SNAs provided freedom to operate in return for accountability; disciplinary action taken when rules and regulations are not adhered to

The program evaluation sets out the processes and means to track and measure progress at both these levels (Table 18). This consists of a set of 25 impact and outcome level indicators (Table 11) which will be tracked through the following ways:

Table 8: Data Collection Strategy: Outcomes and Impacts

Program Narrative	Expected Result	Measurement Strategy And Instrument
Goal (impact): 'to enable SNAs to promote welfare (voice, rights, livelihoods), of citizens, to improve equality between citizens and communities, and to ensure fairness of access to services."	Citizen well-being improves and services meet expectations	1. Cambodian Millennium Development Goals Secondary data based on the 2. Sample-based model cost-benefit analyses 3. User satisfaction surveys / citizens' report card
Purpose (outcomes):"to develop the functioning and capacity of SNAs, in particular Districts and Municipalities and Commune/Sangkat to represent the views of local citizens and to respond to their demands within an established legal framework."	Improved Local Governance	4. Governance Perception Survey supported by some secondary data 5. Results of the Iterative Systems Design and Formative Evaluation processes 6. Results of piloted functional re-assignments
	SNA operations compliance (Oversight/ regulation)	7. Compliance inspection and audit results 8. Management Standards Assessments 9. Competency assessments and certification

9.2.1. Outcome level evaluation

Outcome level evaluation relies on two sources of information - direct observation of SNA performance (described below) and information collected as part of the oversight process (described in Section 9.3).

A).   Governance Perception Surveys

Assessing whether local governance is improving is an essential IP3 M&E task. The assessment will be based on a Local Governance Framework summarizing Sections 4 and 5 of this document. Using the framework depicted below, a series of indexes and sub-indicators will be collected using a survey instrument or questionnaire.

In this framework the rows describe four governance relations (political, social, bureaucratic, and inter-governmental). In each of these areas (relationships), the means by which governance is characterised is listed: Voice and representation (civic engagement), transparency and reporting and accountability. The statements in each box provide examples of how each means of governance is exerted in each relationship.

The totality of these governance arrangements is to ensure that each SNA acts in a way that is aligned with the interests of the citizens and complies with national systems. The aim is for SNAs to be responsive to citizens. Responsiveness or local policy alignment occur at two levels: (i) SNAs make decisions and local policies that are aligned with citizen expectations (and citizens are satisfied with them) and (ii) SNAs operate in an efficient manner.

The analysis of governance survey data will measure each box in the local governance matrix plus the three results (local alignment, efficiency, and minority rights).

The results of this analysis will be presented in the form of a number of indices which are presented in the results framework (Table 11).

B).   Iterative Systems Design and Formative Evaluation Processes

The IP3 focuses on developing the operational systems of SNA especially of DMs require to implement their mandates. Though the first design steps will be done centrally (based on regulations and guidelines), initial prototypes will be further developed under the actual conditions SNA operate. This process of working with SNA to design systems in the field will be referred to as iterative systems design. It aims to ensure systems are relevant and practical, meet the needs of their users, and demonstrate success. Since iterative design is flexible, focuses on getting user feedback on a continuous basis, involves a high degree of testing, feedback loops, assessment, and continuous re-design, it will create a good deal of relevant M&E information.

C).   Results of the Piloted Functional Re-assignments

Sub-program 1 will pilot functional assignments where Line Ministries will delegate service delivery responsibilities to SNAs. To assess whether these pilots are successful an evaluation process will be developed which compares service delivery indicators between sites with pilot interventions and sites without interventions on a "before" and "after" basis. This is a standard element of evaluation design. Indicators found in the results framework summarise the effectiveness of these pilots.

D).   Impact Level Evaluation

The key instruments to be used for Program evaluation at the impact level are:
- **The Cambodian Millennium Development Goals**. IP3 impact indicators are aligned with the Cambodian Millennium Development Goals (CMDG). Beginning in 2010 the MOP began calculating some of the CMDG indicators based on data collected at village and CS level (through the CDB). Indexes (aggregates) of the CMDGs are available for Poverty (CMDG 1), Gender equality (CMDG 3), Education (CMDG 2), Health (CMDGs 4 to 6) and Environmental Sustainability (CMDG 7). Since underlying indicators are collected at the lowest level of local government, the indicators are generally reflective of citizens' welfare or well-being.
- **Sample-based model cost-benefit analyses:** Though general welfare changes cannot be attributed to the IP3, it is possible to trace the economic impact of the Program's decentralized and de-concentrated funding arrangements on its direct beneficiaries. Since the benefits measured in these studies accrue to citizens and community groups, they describe an impact which is clearly linked to a program output. This impact will be measured by undertaking representative, random, sample-based, model cost-benefit analyses to calculate IRRs (Internal Rates of Return) and compare them to a control group of returns where similar activities were implemented outside decentralized and de-concentrated funding arrangements. Results of these studies are also useful in informing SNA planners about which activities seem to provide the best value for money.
- **User satisfaction surveys/citizens' report cards:** Though the CMDGs capture some service delivery indicators (or at least access to services) getting service user feedback provides another channel to assess service delivery trends. Whether simple citizen-report cards will be part of the revised planning process has not yet been determined, but a good number of non-state actors currently undertake similar surveys. The Evaluation Unit will undertake annual meta-analyses of these surveys to track whether citizen satisfaction seems to be increasing.

E). **Policy Evaluation – learning and Communicating**

Under IP3, policy genesis and development will be the main focus of NCCD-S. The Evaluation, Research and Documentation Office, as an integral part of the NCCD-S Policy Division team, will contribute to policy development and policy dialogues by presenting empirical evidence from studies and data collected by NCCD-S and other sources such as Government Ministries, Universities and Academics and NGOs, and from both within and outside Cambodia. The office will prepare and commission a series of studies and research papers. The aim of the policy evaluations commissioned by Policy Division is to promote and inform debate within Government and, more widely, in the country about the reforms. Public policy forums will be organised and research papers made available to the public and media.

9.3. Program Implementation Monitoring and Reporting

9.3.1. SNA Performance and Output Monitoring

Support to capacity development for SNAs to monitor and evaluate their own performance and outputs (i.e. SNA M&E) is the responsibility of all central Ministries viz., MOI, MEF, MOP SSCS and other relevant ministries (while functions are transferred).

Essentially, SNAs will be responsible for reporting their decisions and on the results of those decisions. The Administrative, Financial and Planning systems will include M&E and reporting arrangements. National ministries will be responsible for reporting on the performance of SNA, using the legality controls and compliance against standards/

A). **Information from the Oversight Arrangements (Legality Controls)**

Information generated from oversight and compliance controls and information for tracking public expenditure, HRs and public asset management, is the responsibility of core Ministries, viz. MoI, MEF, MOP and SSCS.

M&E will play an important part in encouraging quality assurance. The processes for quality assurance are derived from a policy development cycle where:
- Policies, laws, rules and regulations are developed and translated into manuals, guidelines and other instruments which describe how the "policy" should be implemented
- Guidelines are translated into knowledge and messages which are disseminated to policy implementers, through written materials and capacity development events, which include training, mentoring, etc.
- Regulations are translated into requirements and measures of good practice which define the standards expected of implementers and which are used for legality controls and oversight.

Policy development is therefore linked to different areas of quality assurance, each associated with mechanisms for checking compliance (Figure 7).

Figure 7: Quality Assurance
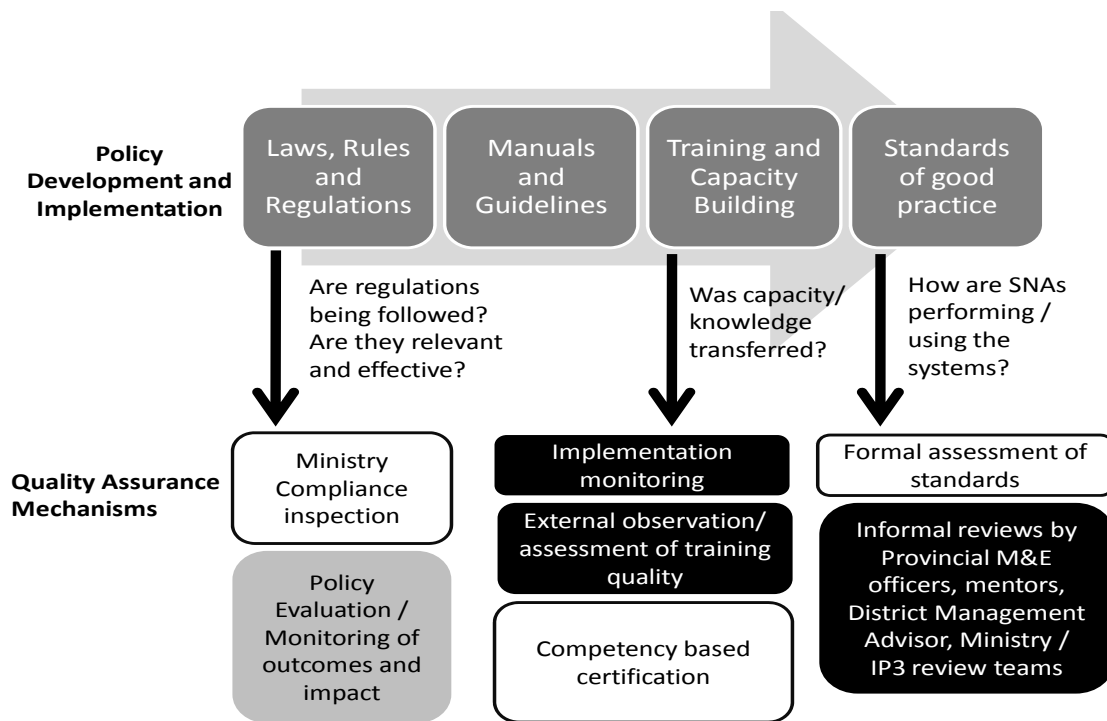
The key quality assurance mechanisms are:

- **Compliance inspections**, which assess whether rules and regulations are adhered to.
- **Policy Evaluation,** which aims to review whether policies are effective (meet their objectives). It asks whether decentralisation/deconcentration is working and how it can be improved.
- **Implementation monitoring** tracks whether the IP3 is progressing according to plan. In many cases this will track capacity development activities (who was trained by whom, on which topics, and when) or contract completion. Implementation monitoring is self-reported but some process of independent verification of the truthfulness of reporting will be employed.
- **Observation of CD interventions by the National CD team,** checks that CD specialists are doing the job properly since CD interventions are "cascaded" from the developers of materials to the Provinces. The idea is to ensure the right message gets to SNAs and that participants have learned effectively.
- **Competency assessment and certification** is undertaken by third parties and assesses the skills or knowledge of individual staff, in relation to their functions, job descriptions, etc.
- **Assessment of standards** investigates whether organizations adhere to standards and best practice. The process will be part of a larger advisory routine and will lead to the design of capacity development initiatives to close gaps between current practice and standards
- **Informal performance reviews** are part of a quarterly internal reporting process. Reviews are expected to be subjective and to capture views of Provincial Advisors and M&E Officers, District Municipal Management Advisors, Mentors, and NCDDS Staff making field visits.

B). Compliance Inspections and their Indicators

The development of compliance inspection routines is an essential capacity development goal of the IP3. The routine is expected to divide compliance into separate areas or domains, most likely: (i) planning, budgeting, M&E and reporting, (ii) financial management, (iii) administration, (iv) HR management, and (v) Councillors, local policy, and advisory services. Under each domain there will be a checklist or series of indicators to score whether processes are adhered to. In most compliance inspection regimes indicators are weighted and their results summarized upwards into a domain score. Since compliance mechanisms are likely to take time to develop, there are no compliance baselines, but over time scores are expected to improve.

Related to this, most performance monitoring systems rely upon information self reported by implementers. Such information may be prone to manipulation, and it is expected that, as part of the compliance inspection routine, some self-reported information will be independently validated - i.e. assessed for accuracy. The validation of reporting depends on two related mechanisms:
  i. Requirements to reporting to the public and compliance with this requirement
  ii. Independent verification of a sub-set (sample) of outputs, contracts or activities, to ensure they took place as reported. This is intended to have a deterrent effect (i.e. ensure accuracy of reporting) by holding administrators accountable for a report's content.

C). Management Standards Assessments

Internal operations of Districts and Municipalities are expected to steadily improve as their capacities are developed through the IP3. Management standards describe good practice across the areas or domains outlined above. They differ from compliance inspections in the sense that they do not constitute minimum conditions for performance and are not linked to disciplinary actions. Standards are designed to stretch an organization and to be measured along a wide continuum as the organization develops. Two main assessment processes are used: self assessment, where the organization assesses itself, and third party external assessment. Though not yet developed, it is assumed the assessment of management standards is done by third party assessors.

Management standards assessments are essentially the same as an assessment of capacity). In a third-party assessment the process is based on evidence (rather than as an interview or perception based exercise), the assessment ends with a report and recommendations (advice) based on an identification of gaps between current practice and the standards, and assessments review whether previous recommendations were implemented (though implementation is not considered obligatory). The assessment of the quality of SNA internal control system (as part of the independent audit exercise) is an example of management standards assessment.

D). Competency Assessments and Certification

Compliance and standards assess organizational performance, while competency assessments or certification apply to individuals. The process is expected to:
  * Assess individual skills, knowledge or qualifications, within a framework of requirements. These would be derived from functions, schemes of service, job descriptions, etc.
  * Would be undertaken on a third party basis, most likely a training institution. This tends to be practiced in some sectors, such as teaching, forestry, accounting, etc. The challenge is to broaden this to other areas like planning, HR management, etc.

9.3.2. Program Implementation Monitoring

The deliverables specified in the IP3 will be implemented through a series of approved Annual Operational Plans and Budgets and will be reported on a quarterly basis. Though planning, scrutiny, approval and reporting processes may differ, IP3 Sub-program managers and SNAs will present the capacity development information in the same general format. In both cases planning, monitoring and reporting will use a hierarchical planning model (objectives, outputs, activities, inputs) and their plans and reports will contain quantifiable outputs/deliverables (planned and actual quantities), costs for each level of the plan (i.e. the cost of outputs, activities, etc., budgeted and actual) and time frames for implementation (planned and actual start and completion dates). Although the Annual Operational Plan and Budget will contain text and descriptions, a summary matrix will be included, which depicts:

Table 9: Matrix for an Annual Operational Plan and Budget

Plan/Result	Physical Target (Units)	Responsible Officer	Budget ($US)	Funding	Budget Calculation	1	2	3	4	5	6	7	8	9	10	11	12
1. Sub-program 1			$68,200														
1.1. Developing the regulatory framework of the D&D reforms			$68,200			x	x	x	x	x	x	x	x	x	x	x	x
1.1.1. All regulations required by the Organic Law are issued.			$18,200	Basket		x	x	x	x	x	x	x					
1.1.1.1. Anukret .... Completed	1 Anukret		$0			x	x	x									
1.1.1.2. Anukret .... Completed	1 Anukret		$0				x	x	x								
1.1.1.3. Prakas .... Completed	1 Anukret		$0					x	x	x							
1.1.1.4. External review of ... Prakas completed	7 Prakas		$18,200				x	x									
1.1.1.4.1. Eternal consultant complete the review			$12,000		1.5 Man months x $8,000 per month		x	x									
1.1.1.4.2. Workshop held with s representative provinces to discus changes			$6,200		20 participants x $50 per participant + $3,500			x									
1.1.2. Existing legislation is aligned with Organic Law			$50,000									x	x	x	x	x	x
1.1.2.1. Map identifying priority legislation and regulations to be aligned with the OL			$50,000	Project X								x	x	x	x	x	x

The above will be supported by a procurement plan and a cash flow plan which is derived from the outputs and activities in the Annual Operational Plan and Budget.

Implementation monitoring will be reported in a series of consolidated annual and quarterly reports, derived from the Annual Operational Plan and Budget. Though these will also be full texts, the centrepiece will be a matrix resembling:

Table 10: Matrix for Quarterly Reporting

Plan	Physical Target (Units)	Level Delivered	Budget ($US)	Actual Expenditure (%)	Implementation Status	Description /Note
1. Sub-program 1			$68,200			
1.1. Developing the regulatory framework of the D&D reforms			$68,200			
1.1.1. All regulations required by the Organic Law are issued.			$18,200			
1.1.1.1. Anukret .... Completed	1 Anukret	1	$0	$0	Complete	
1.1.1.2. Anukret .... Completed	1 Anukret	0	$0	$0	In progress (on time)	
1.1.1.3. Prakas .... Completed	1 Anukret	0	$0	$0	In progress (behind schedule)	
1.1.1.4. External review of ... Prakas completed	7 Prakas	2	$18,200	$2,000 (11%)	In progress (on time)	
1.1.2. Existing legislation is aligned with Organic Law			$50,000	$0	Not started (late)	
1.1.2.1. Map identifying priority legislation and regulations to be aligned with the OL			$50,000			

Implementation progress will be reported on a quarterly basis. Reporting against the deliverables included in the Sub-program agreement between NCDD and the implementing agency and the agreed Annual Operational Plan and Budget is the responsibility of each Sub-program manager, assisted by an M&E office in the Sub-program management unit. Reporting is from the supply side, (i.e. Program implementers who delivery capacity to SNAs, rather than from SNAs).

A).   Monitoring CD Activities

During the initial phases of the IP3 a significant emphasis will be placed on capacity development, which has been planned and costed, in IP3, on the basis of nationwide norms and standard costs. These planning norms will be developed further into the specific work plans of each unit and team. Special monitoring arrangements and systems will be developed to:
- record who participated in what, when and by whom
- record participant's satisfaction with the events and their recommendations for improvement
- assess participant's improved knowledge, where appropriate, using, for example pre- and post- tests

9.3.3. Computerisation to Assist with Program Implementation Monitoring

Computerisation can greatly facilitate planning and reporting processes. To do so, planning, budgeting, monitoring, evaluation, financial management (and accounting), contracting, and reporting need to be seen holistically and their information recorded in a **single integrated management information system**, with monitoring and reporting activities based on a plan prepared in advance and including outputs, activities, costs, schedules, etc. A single integrated system would undertake the following functions:
- Record and print the Annual Operational Plan and Budget, using a hierarchical planning model that includes the following entities: outputs, activities/tasks, and inputs. Each entity should be capable of being quantified (i.e. having a target), having a cost, and having a time frame
- Track the plan as it moves through its approval and scrutiny process
- Make a procurement plan and cash flow plan based on the above
- Track financial transactions linked the Annual Operational Plan and Budget. This would be a transactional accounting package, meaning monitoring takes place as invoices, pay orders, etc are implemented. The system is linked to the approved budget with all expenditures identifying particular line items in the budget; as such

the cost of producing outputs or implementing activities would be derived automatically. Since it is a full accounting system, some transactions also involve the purchase of assets and many payments are based on contracts. For this reason the transactional financial management systems includes modules of contract management (procurement), asset management, etc.

- Serve as a performance management system. The system would describe both output monitoring (what outputs were produced, by whom, where, when and how much did they cost) and activity monitoring (is implementation ahead or behind schedule, when were activities implemented in relation to the work schedule)

9.4.   Summary: The Outcome-Impact Results Framework

The IP3 outcome-impact results framework sets out indicators, baselines and targets for both goal and purpose level results (Table 11).

Table 11: Results Framework (Impact and Outcomes)

Program Narrative	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
Goal: 'to enable SNAs to promote welfare (livelihoods, social development outcomes and rights), to improve equality between citizens and communities, and to ensure fairness"	Poverty reduced and citizens empowered	1. CDB-CMDG1 Poverty Score	47				The MoP links indicators from the Commune Development Database (CDB) to the 9 Cambodia Millennium Development Goals (CMDGs). These are then converted to an index on a 0-100 scale. The index will be disaggregated by Capital Province and DM. Baselines are from 2010.
		2. CDB-CMDG3 Gender equality/women's empowerment Score	60				
	IP3 contributes towards meeting other CMDGs	3. CDB-CMDG2 Education Score	51				
		4. CDB-CMDG4-6 Health Score	60.67				
		5. CDB-CMDG7 Environmental Sustainability Score	38				
	Financial resources provided to SNAs are used effectively	6. Average EIRR of sampled SNA investments	49% ('08)	>= 15%	>= 15%	>= 15%	Based on a sampling of investments as undertaken in Abrams (2009). EIRRs (Economic Internal Rates of Return) will be disaggregated by type of SNA (Capital Province, DM, or CS) and type of investment.
		7. Average EIRR for investments delivered through government systems as a % of the EIRR delivered through other mechanisms	N/A	>=90%	>=90%	>=90%	
Purpose: "to develop the functioning and capacity of SNAs, in particular Districts and Municipalities, to ensure their efficient operations, good local governance, and the delivery of quality services that meet their democratic development mandate."	SNA service delivery improves	8. % of citizens satisfied with SNA service delivery	N/A	↑	↑	↑	Undertaken as a pilot citizens' report cards. Disaggregated by service and type of SNA (Capital Province, DM, or CS)
		9. % of pilot obligatory functions delivered by SNAs which were done so at least as efficiently as the control group (i.e. Line Ministry delivery)	N/A			>=50%	From pilot functional reassignments comparing service delivery between decentralized and deconcentrated (SNA) and current arrangements. Disaggregated by function reassigned
	Local Governance improves	10. Overall Local Governance Index	TBC	↑	↑	↑	Based on data collected in the Annual Local Governance Survey, the baseline of which was developed by EU SPACE. Indexes will be disaggregated by type of SNA (CS or DM) and geographical areas (Province XX).
		11. SNA Civic Engagement/Participation Index	TBC	↑	↑	↑	
		12. SNA Local Transparency Index	TBC	↑	↑	↑	
		13. SNA Local Accountability Index	TBC	↑	↑	↑	
		14. SNA Local Policy Alignment Index	TBC	↑	↑	↑	
		15. SNA Efficiency Index	TBC	↑	↑	↑	
		16. SNA Minority Rights Protection Index	TBC	↑	↑	↑	
		17. Ratio: % of investment funds allocated to poor villages / the % of villages which are poor	TBC	>=1	>=1	>=1	CDB data measuring whether investments are being channelled to poor areas. Disaggregated by Capital Province, DM
	SNAs comply with the regulatory framework	18. Financial Management Compliance Score	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. To be disaggregated by compliance domain (area) and DM.
		19. Administration and HR Compliance Score	N/A	↑	↑	↑	
		20. Number of civil servants disciplined	0	>=5	>=5	>=5	
		21. % of DMs whose financial statements were categorized as "without reservation" by NAA	0				Annual data from the NAA financial audits. Targets are based on averages for central government
	SNAs use systems and capacities as intended; they are well managed	22. SNA management standards score	N/A				From management standards assessment s. Disaggregated by domain and DM. Separates capacity from operations
		23. % of SNA staff meeting competency standards	N/A				Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
Outputs: IP3 implemented according to plan	Sub-program implementation	24. Actual expenditure as a % of budget	TBC	90%	90%	90%	Data from internal monitoring systems and to be disaggregated by Sub-program and component
	SNA implementation	25. % of SNA outputs completed on time	N/A	85%	85%	85%	SNA performance management systems. Disaggregated by SNA

Note: ↑ = expected to rise, where the increase is statistically shown to be unlikely due to random fluctuations. TBC = To Be Collected but will be available. N/A = Not available

10.   PROGRAM COSTS

10.1. Overview

The total costs of 3-year Implementation Plan (IP3) of the National Program for Democratic Development include:

i.   The costs of capacity development (CD), Program administration (PA) and technical assistance (TA); and

ii. The financial assistance (FA) to be provided to all levels of Sub-National Administrations under various fiscal transfers mechanisms. This is based on assumptions set out below.

Table 12: Cost Overview (US$)

Description	2011	2012	2013	Total IP3	%
CD+TA+ Operation Cost	31,269,621	23,210,086	18,389,921	72,869,628	14%
Financial Assistance	139,815,750	150,645,000	160,025,000	450,485,750	86%
Total	**171,087,382**	**173,857,098**	**178,416,934**	**523,355,378**	**100%**

10.2. Costs of Capacity Development, Program Administration and Technical Assistance

The following table summarizes the total costs of the technical assistance services, capacity development activities and IP3 administration, bearing in mind that all these costs are incremental:

Table 13: Summary of Costs (by item)

Desciption	2011 Cost	2012 Cost	2013 Cost	Total
Personnel	2,339,100	2,217,180	2,037,180	6,593,460
Experts/Advisers	9,906,270	9,533,770	9,386,770	28,826,810
Systems Design	1,126,750	494,950	259,950	1,881,650
CD activities	2,926,226	1,650,911	1,308,246	5,885,383
Oversight/M&E	1,258,850	1,414,850	1,196,850	3,870,550
Equipment	2,048,500	202,000	192,000	2,442,500
Operating costs	3,608,925	3,621,425	3,658,925	10,889,275
Total	**23,214,621**	**19,135,086**	**18,039,921**	**60,389,628**
Civil Works	8,055,000	4,075,000	350,000	12,480,000
Grand total	**31,269,621**	**23,210,086**	**18,389,921**	**72,869,628**

Costs have been prepared using the following definitions:

a. **Personnel:** incremental monetary compensation (POC) to the civil servants who will be involved either in the management of IP3 (at central and sub-national levels), or in the delivery of capacity development and other services (monitoring, compliance controls) to the sub-national administrations.

b. **Experts and Advisers:** costs of the services to be provided by both national and international experts who will assist and advise IP3 Executing (NCDD-S) and Implementing Agencies in the management of the Program and delivery of its activities and outputs.

   c. **Systems Design:** these are the costs of short term consultancy services (both national and international) to be incurred for the development of management systems for SNAs (administrative, human resources, finance, etc).

   d. **Capacity Development:** these are the costs of (a) training events, (b) trainers remuneration, (c) trainers DSA, and (d) printing of capacity development manuals and other materials.

   e. **Equipment:** acquisition of office equipment and furniture and transport vehicles for the Sub-program management and the facilitation of capacity development delivery at sub-national level.

   f. **Civil Works:** Provision of new buildings and extensions to existing buildings to accommodate Council meetings rooms, and provide office space for Districts and Municipalities.

10.3. Financial Assistance

Financial Assistance to be provided to SNAs through various financing mechanisms is expected to amount to 450 M.US$ or 150 M.US$/year on average, as per the following table:

Table 14: Cost Summary for SNA Transfers

	2011	2012	2013	Total IP3
CS Fund				
RGC	38,270,000	39,420,000	40,600,000	118,290,000
DPs				
DM Fund	18,545,325	24,675,000	28,050,000	71,270,325
RGC	11,795,325	14,550,000	14,550,000	40,895,325
DPs	6,750,000	10,125,000	13,500,000	30,375,000
Provincial Budget Support (RGC)	77,600,425	79,800,000	83,275,000	240,675,425
Project Financing Facility (DPs)	5,400,000	6,750,000	8,100,000	20,250,000
Conditional/Contractual Grants Pilots				
Contractual Transfers Pilots				
Total	**139,815,750**	**150,645,000**	**160,025,000**	**450,485,750**
RGC Effort (89% of total)	127,665,750	133,770,000	138,425,000	399,860,750
DPs Contributions (11% of total)	12,150,000	16,875,000	21,600,000	50,625,000
Non Incremental (84%)	121,768,088	126,495,000	131,150,000	379,413,088
RGC Effort	100%	100%	100%	100%
Incremental (16%)	18,047,663	24,150,000	28,875,000	71,072,663
RGC	33%	30%	25%	29%
DPs	67%	70%	75%	71%

- **Non incremental** funding accounts for 84% of the total, and is fully borne by the Royal Government of Cambodia (RGC) through budget support to the CS Councils (CS Fund), the DM Administrations (DM Fund)[13], and the Capital Provincial Administrations;

- **Incremental** funding accounts for 16% of the total; it is shared by both the RGC (29%)[14] and the Development Partners (71%); DPs' share in the incremental funding will be channelled through DM Fund , the SN project-financing facility (SNIF), and eventually the conditional transfers and the CS Fund (if any) if the DPs elect to do so.

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[13] D/M fund was included in the draft of SNA financial regime and asset management law.

[14] The RGC's provides in the incremental funding corresponds to 50% for the DM Fund, assuming that the other 50% is non incremental (DM general administration costs channeled until now through the capital provincial (Salakhet) budget.

The above figures are based on the following assumptions:

a).   **CS Fund:**

- The RGC shall maintain its financing of the CS Fund during IP3 time frame at its current level, i.e. 2.8% of total recurrent domestic revenues;
- The projected CS Fund resources do not take into consideration potential additional contributions from the DPs which are yet to confirmed during IP3 formulation time;
- Accordingly, and notwithstanding additional DPs contributions, each Commune/Sangkat would receive annually on average 24,300 US$.

b).   **DM Fund**

- The RGC shall also contribute to the capitalization of the foreseen DM Fund at least up to the estimated general administration costs of DM: 14.2 M. US$ per year. These estimates are used here as a basis for determining the RGC's minimum level of financing effort, and do not therefore imply that the RGC's contribution would be earmarked for general administration purposes.
- General administration costs of Districts and Municipalities include staff salaries, Councillors allowances, operation costs of DM administration and council; these costs are detailed as follows (assuming that all the staffing positions in the DM organization chart are filled)

Table 15: DM Administrative Costs

DM Admin Costs	Cost/year	Number	Value	Percent
Salary			**5,661,000**	40%
Governor	2,700	185	499,500	
Deputy Governor	1,200	740	888,000	
Officers	1,050	4070	4,273,500	
Councilors Allowances			**4,186,500**	29%
Chief	2,100	185	388,500	
Members	1,500	2532	3,798,000	
Operation			**4,347,500**	31%
Administration	20,000	185	3,700,000	
Council	3,500	185	647,500	
Total			**14,195,000**	**100%**
Average per DM			**76,730**	

- However, it should be noted that the draft national budget for 2011 has earmarked an appropriation equal to **11 M US$** for the recurrent expenditures of DM Administrations (61,115 US$ on average per DM) and has been included into the Capital Provincial budget. Upon approval of law on finance regime and asset management of SNA and development of sub-degree on the establishment of the DM Fund, D/M will have the own fund.
- The targets for DPs contributions to the DM Fund are set on per capita basis: on 0.5 US$ in 2011, 0.75 US$ in 2012, and 1 US$ in 2013.
- If the above targets (RGC and DPs contributions combined) are met, each District/Municipality will be expected to receive on average 130,500 US$ per year over the IP3 period.

c). **Capital Provincial Administrations**

Based on the draft national budget 2011 for Capital Provinces with amount of 75 M US$ excluding the budget of D/M. In this regard, IP3 assumes that the RGC shall provide budget support to the provincial administrations on the basis of **78 M. US$** per year. This figure is in line with the average annual financing made to the provincial budgets during the last 3 years (2008-10).

d). **Sub-National Investment Facility**

- The Sub-national Investment Facility (SNIF) is a project-based financing window that all SNAs (Capital, Provinces, Districts, Municipalities, and Communes/ Sangkats) could access to finance their capital investment in local infrastructure; and hence, relieve the pressure on the allocation of limited general purpose transfers (CSF and DMF) to major infrastructure projects.
- The targets for funding the Facility (from DPs contributions) are set on per capita basis: on 0.4 US$ in 2011, 0.5 US$ in 2012, and 0.6 US$ in 2013.

10.4. Incremental vs. Non-Incremental Costs

Implementation of IP3 shall entail both *incremental* and *non incremental* cost. Incremental costs are costs that the RGC would have to incur for the implementation of the IP3, over and above those (non-incremental) that the RGC would incur anyway (i.e., whether the IP3 was, or was not, implemented as designed).

- Non-Incremental Costs: **379.5** M US$ (or 72% of total costing) to be fully funded by the RGC.

- Incremental Costs: **144** M US$ (or 28% of total costing) to be shared by RGC and DPs.

The total incremental costs relate to two types of activities:

19. The provision of **technical assistance, capacity development and program management support**, for a total estimated cost of **72.8** M.US$ or 24 M.US$/year on average (51% of total incremental costs) – these costs are expected to be totally financed by external contributions (Development Partners).
20. The provision of **Financial Assistance**, in the form of fiscal transfers to be channelled to SNAs through various financing mechanisms and instruments (to be used for general administration and development spending), for a total estimated cost of **71** M.US$ or 23.5 M.US$/year on average (49% of total incremental costs). The funding of the Financial Assistance costs shall be shared by both the RGC (29%) and the DPs (71%), and are justified, in particular, by the setting and sustaining of the DM Fund and a SN project-financing facility.

11. IP3 ASSUMPTIONS AND RISKS

The main assumptions underlying the IP3 are presented below together with an assessment of impact or importance of the assumption and the likelihood of the assumption holding true. The actions managing and addressing these risks a represented and an overall assessment of risk provided.

11.1. Policy Development Assumptions

Assumption	Impact	Likelihood	Implication and mitigation	Risk
1. NCCD-S's role is to focus on policy development and coordination, with responsibility for implementation falling on Ministries	High	High	This new role will require revisions to the legislation setting up NCDD-S, and changes to the structure and ways of working in NCCD-S	Low
2. A clear distinction is made between the roles of NCCD-S and core Ministries	High	Medium-High	The Ministries-managed Sub-program will be subject to similar implementing agreements, resource transfer mechanisms and reviews as for other sub-Programs to ensure the compliance with goals, objectives and outputs of IP3.	Low
3. NCCD-S is able to engage in developing policy, without conflicting with key Ministries	High	Medium	RGC has a strong commitment to the reforms established in the Organic Law and to promote democratic development. It is recognized that there will be technical differences of opinion regarding the details of how the new systems will be developed. Potential conflicts can be addressed by NCDD where key Ministries are represented, through NCDD mechanisms.	Medium
4. Harmonisation with other policy reforms, such as PAR and PFM	High	Medium-Low	The PAR and PFM reform Programs are running in parallel with SNDD and affect the deployment and remuneration of staff and the financial arrangements. NCCD-S will continue to engage with these Programs and to accept nationally agreed procedures.	Medium

11.2. Assumptions Related to the Role of Ministries

Assumption	Impact	Likelihood	Implication and mitigation	Risk
1. Ministries accept the autonomy of SNA and the switch from administrative instruction to legality controls	High	Medium	Acceptance of the new approach will take time. Orientation and training should be provided during IP3 in order to ensure understanding of the new vision, by key staff in each Ministry.	Medium-High
2. Ministries have sufficient initial capacity to exercise their mandates through (support and legality controls)	High	Low	The sub-Programs are designed to build both understanding and capacity for Ministries to develop these new reforms. Additional capacity is provided through contracting Advisers and other staff and through contracting in key service delivers	High

Assumption	Impact	Likelihood	Implication and mitigation	Risk
3. Government systems are used through IP3 implementation	High	High	The principle of using Government systems lies at the heart of IP3 approach. The proposed system will be developed and adapted in the start of IP3. In some cases, these systems will need to be developed and adapted - inevitably the quality of these systems will require time before they are fully institutionalise and working efficiently.	Medium
4. SNA systems are developed in consultative and participatory process,(Ministries and other stakeholders working together)	High	Medium-High	The key systems which are required to enable SNAs to start functioning are: a). Council functioning b). Administrative system for SNA c). Compliance system d). Financial management	Low-medium
5. The capacity of NAA to carry out is mandate is available	High	High	Systems for audit have already been developed. However, the capacity, human resource and other resources to carry out audits across the whole country is limited and, therefore, costs are provided to capacity development in order to respond to this service.	High
6. Ministries buy into arrangements for functional re-assignment	Low initially, rising to High	Medium	Functional reassignment is a critical element of the SNDD Program. Initially, the focus as set out in IP3, is on the functioning of DMs (general mandate). However, during the period of IP3, the process for functional re-assignment will be developed and a number of pilots undertaken. This is essential to ensure that there is an orderly process and that substantial functions can be transferred as soon as SNA capacity is in place.	High

11.3. Assumptions Regarding SNA Systems and Functioning

Assumption	Impact	Likelihood	Implication and mitigation	Risk
1. SNAs gain widespread legitimacy as political institutions, given these councils were established by direct and indirect election.	High	Medium	Communes and Sangkats have made remarkable progress not just in terms of delivering a (limited) set of services, but in creating a sense of belonging and association within their areas. Communes and Sanghats are often the main point of contact for citizens with the state. The capacity of DM still needs to be developed. However, the potential to respond to Citizen needs is potentially greater, provided capacity can be built quickly and DM have access to sufficient resources to allow them to respond to	Medium

	Assumption	Impact	Likelihood	Implication and mitigation	Risk
				citizen demands. The focus of the IP3 is on addressing these issues. The autonomy and accountability of DMs depends on developing new relationships with higher authorities, including the Provinces. The new role of the Provinces will need to be emphasized through the CD programs and in the development of the inspection processes.	
2.	The authority and accountability of the Council is established within each SNA	High	Medium	The Organic Law emphasizes the authority of the Councils over SNA activity and its accountability for exercising such authority. However, this is new role which will take time to develop in practice.	Medium
3.	Elected Councilors are able to work together	High	Medium-high	DM Councilors are elected by Commune /Sangkat Councilors from party lists. The functioning of the Councils requires the elected members to collaborate and work together for the good of the SNA during the life of the Council. Experience at CS level and in other countries suggest this is usually possible.	Medium
4.	The arrangements for transparency are put in place and valid data is available	High	Medium	Democratic accountability requires valid information to allow the electorate to assess the performance of their representatives. Internal checks include financial checks both by MEF and the Treasury. Information on SNA results (i.e. how development resources were spent) will be publically available at both the local and national level. This will allow Government and relevant stakeholders to verify the results claimed by SNA and to produce tables rating and ranking the performance of SNA.	Medium
5.	Civil society, CSOs, the media and academia have the opportunity and capacity to analyse, check and report on SNA performance	High	Medium-Low	This capacity will need to be developed. The provision of public information will stimulate this capacity.	Medium low
6.	SN council association will expand its remit to include all representation of SNA Councils	Medium	High	The NLCS is currently reviewing and revising its mandate and strategy. This review will strengthen and expand NLCS and provide options for establishment of SNA council associations.	Low

11.4. Assumptions Regarding Staffing and Funding

Assumption	Impact	Likelihood	Implication and mitigation	Risk
1. The current incentives are sufficient to recruit and retain capable staff in SNAs, especially outside the main urban areas	High	Low-medium	Civil servants with additional responsebilities related to the step-up in capacity proposed under IP3 are eligible for the POC Scheme. Without such payments, implementation of the Program would be impossible, since competent staff would find employment elsewhere with high incentive/payment.	Medium-High
2. Availability of national advisers and contract staff	High	Low	Currently, the availability of competent staff is not limited to Government, but is a constraining factor for all development activities.	High
3. A DM Fund is established	High	Medium-High	To be established under the Law on "Financial Regime and Property Management for SNAs"	Low
4. A project funding window is created for SNA (SNIF)	High	Medium	To be developed under the IP3	Medium

11.5. Assumptions Relating to Program Design

Assumption	Impact	Likelihood	Implication and mitigation	Risk
1. The Program ambition in terms of geographic coverage and phasing is realistic	High	Low	The Organic Law creates new SNAs throughout the country and Councillors have been elected since 2009. As a result, it is not possible to build and develop capacity in a gradual and phased manner. The IP3 recognises this challenge. The two track processes of both rolling-out new systems and the intensive tracking of implementation in a limited number of sites, will enable all SNA to be involved, while a parallel process of testing and system development is undertaken. Further, the CD plan will be executed in each Province, tailored to the needs of each DM and CS. This should result in a degree of demand-determined phasing within each Province.	High
2. Support from DPs is secured	High	High	DP support has been provided, so far, through a series of related projects. IP3 has been developed as a Program and is not easily divided into separate projects. Planning of results within the Program will require predictable funding over the next 3 years of this IP3.	Low

12.   DP SUPPORT: FUNDING, GOVERNANCE AND POLICY DIALOGUE

12.1. Introduction

The Program Based Approach aligns external assistance with the nationally-owned IP3 and coordinates and harmonises DP procedures, thereby simplifying the work of the national executing agency (NCDD-S). Under such arrangement, different modalities could be used, alone or in combination, depending on DPs' practices and requirements. These modalities (see definitions below) include:

  a). Sector Budget Support (SBS)
  b). Joint Basket Funding, and
  c). Project Aid Modalities.

Sector budget support: Financial support from a donor that is channeled into the general treasury account of a recipient country where, as an integral part of the resources herein, it co-funds the national budget appropriations of a particular sector. The support is thus nominally earmarked, and it is used according to the national public expenditure management rules and procedures.

Basket funding: Basket funding is the joint funding by a number of donors of a set of activities through a common account, which keeps the basket resources separate from all other resources intended for the same purpose. The planning and other procedures and rules governing the basket fund are therefore common to all participating donors, but they may be more or less in conformity with the public expenditure management procedures of the recipient government. A basket may be earmarked to a narrow or a wider set of activities (e.g. a sector or a sub-sector). The term "pool(ed) funding" is sometimes used instead of basket funding.

Project Aid: This modality refers to the case where an individual development intervention is designed to achieve specific objectives within specified resources and implementation schedules, often within the framework of a broader program.

Note1: Generally, [under a Basket Fund aid modality] expenditure in a certain (sub)sector – which is more or less defined – is financed via a joint bank account held by a group of donors (so, not a Ministry of Finance bank account of the beneficiary country). In doing so, specific procedures are followed that have been agreed by the participating donors and the beneficiary government.

Note2: Regarding the boundary between Sector Budget Support (SBS) and sector basket funding: SBS uses the normal national procedures and basket funding typically uses special arrangements negotiated with donors. Basket funding would only count as SBS where money is transferred from the basket into government accounts to be mixed with domestic funding and used according to normal national procedures.

12.2. Key Principles

The aid coordination principle, on which the PBA is based, is to be realized by:

- Phasing out project aid modalities, and replacing them, with either Sector Budget Support (SBS) or Joint Basket Fund (JBF) modalities, as defined above, as appropriate to the Program's financing requirements
- Ensuring that, regardless of the aid modality actually used by individual DPs, the national executing agency of the NP/IP3 (NCDD-S) will retain the maximum feasible degree of control over the opportunity, nature, quality and timing of delivery of all inputs required for the Program.

12.3. Financing Requirements for IP3

There are four main types of financing requirements of the NP/IP3:

a). **General IP3 costs** including
- Financing the cost of national and international policy, management and technical assistance **personnel,** (including   fees of contractual personnel and salary supplements of civil servants under the national POC scheme) as well as
- Financing the related **operational support and logistics** costs across all IP3 sub-Programs (to be incurred by all implementing agencies).

b). **General-purpose transfers**, including
- Resources for Commune/Sangkat Fund (CSF)
- Resources for District/Municipality Fund (DMF), and
- Resources for Capital / Province budget

All the transfers are intended to support general administration and development expenditures (capital and recurrent) made by SNA under their general mandate to promote "sub-national democratic development".

c). **Purpose-specific transfers,** including
- Financing of ongoing and planned **sector development programs** whose implementation is delegated to SNA and/or transferring resources to SNA for spending in particular sectors and sub-sectors,
- Financing of **conditional grants** to SNA , to be piloted under the IP3 in association with the transfer (by assignment or delegation) of specific service delivery functions to them
- Financing of temporary **delegation contracts**, for specific functions, to be piloted under the IP3, under which SNA would act as agents of the central administration, pending the permanent transfer of functions.

d). **Sub-National Investment Grants** including
- Financing the establishment of a multi-windows **Sub-National Investment Facility** (SNIF) to appraise and fund investment projects in infrastructure, natural resources management (NRM), climate change adaptation and local economic development projects, which SNA may develop and implement in response to the needs and opportunities emerging from their strategic planning and investment programming exercises.

12.4. Matching Financing Requirements to Aid Modalities

Ideally, under the proposed Program Based Approach, each of the above financing requirements would be matched with the most appropriate aid modality. The dialogue on such modalities should be initiated at the time of the planned multi-donor appraisal of the IP3 design. The following are some of the options that can be considered:

12.4.1. General IP3 Costs

There are a number of different ways general IP3 costs could be funded under a PBA:

A).   Joint Basket Support

A Joint Basket Fund would be established by the concerned Development Partners and managed by a joint Steering Committee.

Upon requests made by the Chairman of NCDD-S on behalf of NCDD,   the DP agent may authorize the transfer of the JBF resources (for advances or replenishments), into a single "IP3 Main Account" opened by NCDD-S in the National Bank of Cambodia.

Disbursements from the "IP3 Main Account" would then be made, as authorized by the NCDD-S Chairman into the various IP3 Imprest Accounts maintained by the respective Implementing Agencies of the IP3 Sub-Program.

Resources provided by individual DPs under the JBF arrangement will not be earmarked to any specific activity under the IP3 AWPB, but could be used interchangeably with those of other contributing DPs for any activity within the approved IP3 AWPB.

Procedures for procurement, disbursement and financial reporting applicable to the resources of the "IP3 Main Account" and its subordinated "Imprest Accounts" may be negotiated by the RGC with the DPs, and may differ from those applying to RGC resources under the national financial management rules and regulations.

B).   Project National Execution

NCDD-S will be designated national executing agency for all projects supporting the implementation of the IP3.

External resources would be transferred from the concerned DP into an "IP3 Supporting Account" opened by NCDD-S in the National Bank of Cambodia.

All payments for all types of project expenditures will be made by the executive agency out of the IP3 Supporting Account.

Resources of the "IP3 Supporting Account" may be earmarked to specific activities of the IP3 AWPB.

The NCDD-S Chairman may authorize their transfer into subordinated "IP3-supporting Imprest Accounts" maintained by the respective Implementing Agencies of the IP3 Sub-Program. Alternatively, NCDD-S may proceed to the direct payment of Sub-Program' expenditures upon request of the concerned implementing agencies.

Procedures for procurement, disbursement and financial reporting applicable to the resources of the "IP3 Supporting Account" and its subordinated "IP3-Supporting Imprest Accounts" will be negotiated by the RGC with the concerned DPs, and may differ from those applying to the JBF.

C).   Project (Direct Execution)

A DP financing an IP3 supporting project may want to execute directly the project or designate an executing agent other than NCDD-S. In this case the DP or the designated executing agent will be responsible for procurement of inputs and project activities. Its contribution to the IP3 will be deemed "in kind".

In order to avoid risks of uncoordinated interventions, where this modality is applied, a clause should be introduced in the project document requiring that the annual project activity plan be cleared by NCDD-S for consistency with the IP3 AWPB. In addition, the project document should contain provisions that allow NCDD-S to exercise a degree of control over the procurement process, quality and timing of inputs.

12.4.2. General-Purpose Transfers (Sector–budget support)

External contributions to the two general-purpose transfer mechanisms of the CSF and DMF should be made directly into the treasury system, in bi-annual tranches, upon verification of indicators of (a) progress of the D&D reform process, and (b) performance of SNA in the adoption of good local governance practices. These indicators would be reflected in a jointly agreed "policy matrix".

It is important that DPs' contributions to the CSF and DMF, be done through genuine SBS modalities, in order not to compromise the discretionary nature of the CSF and DMF.

12.4.3. Purpose-Specific Transfers (Projects - National Execution)

Whether the requirement is (a) the financing of a sector program that delegate its management to SNA (mainly Provinces) or transfer resources to sub-provincial SNA or (b) the financing of pilot conditional transfers associated with the assignment or delegation of functions to SNA, or (c) the financing of pilot contracts between central administration agencies and SNA for the delivery of specific services , the Project modalities with a national executing agency (NCDD-S or others) will apply as outlined above.

For all the above –mentioned cases, resources transferred to the SNA will have to be reflected in their respective budgets, regardless of whether resources are deposited into SNA accounts maintained in the Treasury system or into SNA accounts with the banking system.

12.4.4. Sub-National Investment Projects (National Execution)

External resources to fund the specific SNA investment may be provided by DPs through individual projects. Such resources will be transferred into corresponding accounts held by the Ministry of Economy and Finance. The total sum of resources in these accounts will be the resources of a Sub-National Investment Facility (SNIF).

Once an SNA project is approved, funds will be transferred to the SNA and reflected in their respective budgets regardless of whether resources are deposited into the SNA accounts in the Treasury system or with the banking system.

The table below summarizes the above proposed modalities, matching of IP3 funding requirements and aid modalities:

	IP3 Incremental Costs			
	Technical and Operational Assistance at N and SN level	Financial Assistance to Sub-National Administrations		
		Budget Financing		Project Financing
		General -Purpose	Purpose-Specific	
Sector Budget Support (SBS)		• CS Fund • D/M Fund		
Joint Basket Fund (JBF)	• IP3 General Support Facility			
Project (National Execution)	• IP3- Supporting Projects		• Conditional Grants • Delegation Contracts • Sector Development Program	• SN Invest. Facility (SNIF)
Project (Direct Execution)	• IP3-supporting Inputs			

12.5. IP3 Governance

The RGC recognises that, as DPs move from providing their support through individually managed projects to contributing to a common government-led program, the risks associated with such arrangement, especially in a policy reform like the NP-SNDD, are inherently joint and inseparable. This is true for all funders – Government as well as DPs.

To facilitate this, the RGC proposes to establish a joint Government and DP Consultative Committee (IP3CC) to oversee the implementation of the IP3. Membership of the IP3CC would consist of NCDD-S, as chair of the committee and be limited to a small number, say, 3-5 of key contributing DPs. A memorandum of understanding (MOU) would be prepared defining the work of the consultative committee. The purpose of such a committee would be (a) to review and get consensus on the annual work plans and budgets and eventually agree changes throughout the year and (b) facilitate a creative policy debate involving NCCD-S, the wider community of DPs and the Government ministries. The MOU would also set out the arrangements regarding directly executed projects and how such projects are coordinated under the umbrella of the IP3 work plan.

The IP3 is both a capacity development and a policy reform program. The proposed process for Government – DPs dialogue around the higher level policy issues related to IP3 would be centred on a series of semester reviews or in case as necessary, facilitated by a "policy advisory team" consisting of a external experts, who would visit the field, engage in discussions with stakeholders in Government and outside, prior to the formal dialogues and discussions. Effectively, the policy dialogue process would be informed by three streams of work:
   a) Reports from NCCD-S;
   b) Commissioned studies; and
   c) Regular reviews from the Policy advisory team

The results of policy dialogue process between the Government and DPs may be disseminated in public.

Appendix 1

PROGRAM LOGFRAME

Hierarchy	Program Structure	Key Progress Indicators	Means of Verification	External Assumptions and Associated Risks
Goal	SNAs promote the welfare (voice, rights, livelihoods and services) of local citizens, improve equality between citizens and communities (including women and women's groups) and ensure fairness in access to services.	• MDG reporting • Cost benefit analysis (sample of investments) • User satisfaction surveys/ citizen's report cards	• Multi-stage sample surveys • Selected analytical studies • SNA reports	
Purpose	Sub-national democratic development and, in particular, the capacity of Districts and Municipalities to represent the views of local citizens and to respond to their demands, within an established legal framework, is established and functioning.	• Governance perceptions • Formative evaluation reports • Pilot functional reassignments reports • Compliance, inspection reports • Management standards assessments • Competency assessments and certification	Survey Reports Reports Report from oversight bodies Report – to be developed Report – to be developed	**Development hypothesis** (linking purpose to goal) • Improved local governance and effective local capacity will result in increased local identity, improved service delivery and increased local contributions to development • Democratic Institutions and processes are allowed to flourish, within a positive and enabling oversight regime and without being captured • Sufficient administrative and delivery capacity is developed and the public well enough informed to allow Councils to be held to account for their actions
Program Outputs *(NB: Program outputs correspond to component objectives described in each of the sub-Programs detailed in the section below)*	**1. NCDD-S Sub-Program** 1.1. Policy and legal framework 1.2. Policy and mgmt capacity 1.3. Functional reassignment 1b.1. Council mentoring service **2. MOI Sub-Program** 2.1. Set up, staffing of DM/Ks 2.2. Temporary HRM code 2.3. CD Program 2.4. Council facilities **3. SSCS Sub-Program** 3.1. Temporary code 3.2. HR strategy 3.3. New SN SC statute	See tables in Sub-program	• Sub-program records and MIS	**Implementation assumptions** (linking outputs to purpose) • D/M gain widespread legitimacy as a political institutions and do not compete with the current mandate of CSs and the traditional role of Provinces • Acceptance across government and society of the autonomous nature of the SNA, given the traditional hierarchical understanding

Hierarchy	Program Structure	Key Progress Indicators	Means of Verification	External Assumptions and Associated Risks
	4. MEF Sub-Program 4.1. Policy and Legal and framework 4.2. Fin mgmt systems 4.3. SNA capacity for financial management and accountability4.4 Central institutions capacity for support and legality controls of SNA **5. MOP sub-Program** 5.1. Planning systems 5.2. Capacity of MOP to support SNA **6. Association Sub-Program** 6.1. Development of Association			• Willingness of national Ministries to exercise their mandates through legality rather than administrative controls • Sufficient incentives to recruit and retain capable staff in SNAs, especially outside the main urban areas • Possibility to strengthen and expand NLCS and establishment of association of other administration councils of SNA in order to promote possibility to mentor those councils. • Acceptance by sector Ministries of the requirement to delegate and assign national functions to SNAs
Program Activities	See description of activities in Sub-program documents			**Management assumptions** (Linking activities to outputs)

Appendix 2

POLICY MATRIX RELATED TO GOVERNANCE STANDARDS

The definitive list of standards will be derived from the governance and management systems to be applied by the SNA. The following is a tentative list of criteria, based on known requirements.

	Indicator	Basis	Instrument	Verification	
				Prep	Check
Accountability – Medium Term Development Planning					
1	Council undertakes statutory meetings	Law, Anukret, internal rules	Minutes of meeting		MOI
2	Council instructs Executive as to priorities of MT development plan	Anukret	Council Policy Statement		MOI
3	Council approves MT Strategic Development plan	Law, Anukret	Recorded council decision		MOI
Accountability – Annual Budget					
1	DM Council undertakes statutory meetings with CS councils	Legality Control Law on SNA Finance Regime	Minutes of meeting		MOI
2	Council instructs Board of Governor as to priorities/ focus of the annual budget	Law on SNA Finance Regime	Council Statement and minutes of meeting		MOI/MEF
3	Council deliberates and approves draft budget (prepared by SNA Board of Governors)	Law on SNA Finance Regime	Recorded council decision		MEF/MOI
4	Oversight/legality controls report discussed by Council and endorsed	Anukret	Legality/oversight reports		MEF/MOI
5	Council approves changes to the draft budget mandated by the legality control (if any)	Laws	Recorded council decision		MEF/MOI
			Statement of MT planning process	SNA	MOI/MEF
Transparency					
1	Council meetings open to public	Law Anukret Internal rules	Minutes of meeting		MOI
2	Financial and physical progress reports and statements available to public	Law on SNA finance regime	Statement of where documents posted		MEF
3	Procurement committee meetings open to public	Law on SNA finance regime and Prokas	Minutes of meeting		MOI/MEF
4	Procurement statements available to public	Law on SNA finance regime and Prokas	Statement of where documents posted		MEF
5	Audit reports available to public	Law on SNA finance regime Anukret	Statement of where documents posted		MEF/NAA
6	Audit recommendations and SNA response available to public	Law on SNA finance regime Anukret	Recorded council decision		MEF
7	Final audit report available to public		Statement of where documents posted		MEF

	Indicator	Basis	Instrument	Verification	
				Prep	Check
Medium–Term Development Planning					
1	Medium-term development plan formulated within established time frame	Law, Anukret, Prokas	Planning Document		MoI/MOP
2	Medium-term development plan formulated in required format	Law, Anukret, Prokas	Planning Document		MoI/MOP
Budgeting					
1	Draft budget is formulated in accordance with established format, classification, and process	Law on SNA Finance Regime	Draft budget submitted to legality control		MEF
2	Draft budget is prepared and approved within established time frame	Law on SNA Finance Regime	Draft budget submitted to legality control		MEF
3	Draft budget takes into consideration any conditions attached to the use of conditional transfers.	Law on SNA Finance Regime)	Draft budget submitted to legality control		MEF
4	Budgeted development spending is consistent with medium term plan vision, priorities and objectives (when such plan exists)	Law on SNA Finance Regime	Draft budget submitted to legality control		MEF
5	Draft budget is balanced	Law on SNA Finance Regime	Draft budget submitted to legality control		MEF
Budget Execution					
1	Procurement of works, goods and services is done according to established standards and regulations	Prokas and guideline	Procurement report	SNA	MEF
2	Periodic reporting to higher level authority on budget execution in the prescribed format and time frame	Prokas and guideline	Annual/ quarterly report format	SNA	MEF
Asset Management					
1	Register of assets maintained	Law, Anukret,	inventory list	SNA	MEF

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Appendix 3

GENDER STRATEGY FOR IP3

</div>

INTRODUCTION

This Gender Strategy has been prepared in order to further advance the accountability of the Royal Government of Cambodia, especially the National Committee for Democratic Development (NCDD) and Sub-National Administrations (SNAs) for gender equality and women's empowerment, in the course of the implementation of the IP3 and the 10-year National Program for Sub-National Democratic Development (NP-SNDD).

This gender strategy is developed based on lessons learned and achievements from the past, and based on long-term efforts and existing collaborations between Ministry of Women's Affairs (MoWA), Ministry of Interior (MOI), NCDD including its Secretariat (NCDD/S) with other ministries/government agencies and development partners in order to further enhance gender equality and the empowerment of women, youth and children.

Given its mandate as the main government institution for the promotion of gender equality and women's empowerment in the country and its status as a member of NCDD and its sub-committees and as a lead agency for the promotion of gender mainstreaming in the Decentralization and Deconcentration (D&D) reform, therefore MoWA with support from the NCDD/S and other participating ministries/agencies within the NCDD, Development Partners (DPs), International and National Government Organizations (I/NGOs), including women's groups and organizations and civil society will play a leading role in the implementation of this gender strategy.

VISION

To promote gender equality and women's empowerment in all aspects and at all levels of the sub-national democratic development process for poverty reduction and the achievement of the Millennium Development Goals (MDGs).

GOAL

In alignment with the vision for the 10-year NP-SNDD and IP3, the overall goal of the gender strategy is to achieve a gender-responsive local government as well as local development that promote gender equality and women's empowerment in all aspects of the sub-national democratic development process. This includes equal participation and access for women and men to leadership and decision making positions, resources, and services.

STRATEGIC APPROACH

To achieve an equitable sub-national democratic development, the gender strategy will use two inter-related approaches: 1) gender mainstreaming approach; 2) women's empowerment approach.

Gender mainstreaming approach is aimed at achieving gender equality by strengthening commitments and actions of all key actors at the individual and institutional levels to address both women's and men's issues, concerns and priority needs, as well as experiences as an integral part of the decisions, design, implementation, monitoring and evaluation of legislations,

policies and programs, and all intervention. This is to ensure that inequality is not perpetuated, and women and men can benefit equally from all decisions, interventions, resources and services related to implementation of the IP3 within the context of sub-national democratic development.

Gender mainstreaming approach requires that women and men are involved and consulted on an equal basis in the whole process of sub-national democratic development. This is important in order to minimize the possibility of sub-national democratic development related decisions, legislations, policies, programs and other interventions having a negative impact on both sexes (women and men), perpetuate and/or reinforce the existing gender inequality; while at the same time addressing socio-cultural, political factors that impede gender equality; thus maximizing efficiency, sustainability, transparency, participation and accountability. Gender mainstreaming approach also emphasizes the importance of assessing the implication of all decisions and interventions through a careful gender audit, informed by a gender analysis, and gender-sensitive qualitative and quantitative data and indicators in order to achieve gender equality.

Women's empowerment approach is aimed at empowering women as agents of change for gender equality by eliminating and/or minimizing at the fullest the existing gender gap between women and men through implementing positive measures and women-focused support in various forms. The objective is to promote women's full and equal participation, access and control over resources and services on an equal basis as men's; and enhance their self-confidence and actions to become leaders and agents of change to raise their voices and concerns and make decisions based on their own choices to transform unjust situations between women and men in all aspects of life, thereby contributing to gender equality.

Within the IP3 context, this should be done by implementing all possible positive measures/ affirmative action policies (i.e., quota and reservation systems and incentives) to increase women's representation and enhance their role in leadership and decision making processes and positions. Another example is that by supporting women-focused initiatives, such as through support for the creation of a forum of women councillors within the association of councillors and of women civil servants including support for the development of their capacity.(This is particularly important given the under-representation of women in councils and government administrations in SNAs at all levels. The establishment of these associations will help women increase their voices, self-confidence, and solidarity to raise their concerns, needs, and priority as well as promoting women as role models and agents of change to take appropriate actions for gender equality.

POLICY AREAS

The gender strategy will focus on the following main strategic policy areas:
1. Engender all aspects of Institutional, organizational, programming and administrative functions of SNA structures and mechanisms at all levels.
2. Capacity development on gender mainstreaming for the promotion of gender-responsive sub-national democratic development, gender equality and women's empowerment.
3. Promote women's voices, representation, leadership, and decision making positions through strengthened gender institutional mechanisms, networks and partnerships.
4. Gender communication strategy for greater support in the realization of gender mainstreaming, equality and women's empowerment in all aspects of sub-national democratic development at all levels

POLICY AREA 1: Engendering all aspects of institutional, organizational, programming, and administrative functions of SNAs structures and mechanisms.

The 10-year NP-SNDD and its first three year Implementation Plan (IP3) will bring social, economic, political, and administrative changes and impacts on the life of women, men, youth ,and children at the sub-national level. During the implementation of the IP3 a number of policies and regulations will be created, revised and/or amended and introduced in order to fulfil the mandates that are outlined by the Organic Law. New administrative structures and mechanisms will also be developed and strengthened. Human resources will be recruited, transferred and assigned to the SNAs. A new human resource and financial management system will be introduced and implemented to carry out the new tasks and functions in SNAs with effective and efficient ways. A number of programs and a management system of public services delivery will be designed and implemented in transparent, participative, and inclusive manners for greater accountability of services delivery for poverty reduction and the achievement of Cambodian Millennium Development Goals (CMDGs).

The whole process of decentralized local government and local development holds the promise of bringing forth the better well being of women and men in social, economic and political life. Thus, promoting gender equality.

To ensure that the 10-year NP-SNDD and its IP3 will bring desirable and positive outcomes to gender equality and women's empowerment; the whole process of institutional, organizational, programming and administrative aspects of SNAs needs to be engendered.

Strategic Objective and Key Actions:

> **Strategic objective 1:** promote gender-responsive sub-national democratic development by engendering all aspects of institutional, organizational, programming and administrative functions of SNAs at all levels.

Key Actions:
- Integrate gender perspectives in sub-national democratic development related policies, legislations, (including the revision and amendment of law and regulations), programs, and projects *for SNAs through the application of gender-sensitive analysis.*
- Formulating and strengthening policies including gender balance and ***affirmative action policies*** for areas and at levels where women are under-represented in the transfer and recruitment of SNAs personnel in order to promote.
- Develop policy and operational guidelines, tools, and procedures including indicators for effective implementation of ***gender-sensitive and participatory development planning and gender-responsive budgeting*** within the SNAs at all levels.
- Develop operational guidelines and tools for the collection*, **analysis, and dissemina**t**ion of gender disaggregated data and information on sub-national democratic development for use in policy and programming*** (design, planning, implementation, monitoring and evaluation) of resources and services within the SNAs.
- Develop policies and operational guidelines and tools for effective implementation of ***gender-sensitive human resources management and the working environment* of SNAs** to ensure that policy, regulations and management of SNAs staff and working environment accommodate the needs of women and men staff and conform the principle of gender equality.

- Develop policies, operational guidelines and procedures for effective *gender-sensitive public services delivery in SNAs at all levels to ensure equal access to and benefit of women and men beneficiaries from resources and public services*
- Develop policies and guidelines for the integration of *gender-sensitive qualitative and quantitative indicators in SNAs performance evaluation*.
- Develop policies and clear operational guidelines, including clear mandates, responsibilities, and tasks for the persons responsible for tracking the progress of gender indicators for effective implementation of *gender-sensitive monitoring and evaluation*.
- Develop policy and operational guidelines, tools, and procedures for conducting regular *gender audits in SNAs* at all levels to assess progress, problems, improvements, and success in gender-sensitive public services delivery including all aspects of institutional, organizational, programming and administrative functions of SNAs.

POLICY AREA 2: Capacity Development on *Gender Mainstreaming* for sustainable gender-re*sponsive sub-national* democratic development.

Promoting gender equality requires strong long-term commitments and efforts. It also requires adequate capacities among elected councillors, appointed administrators, and all key agencies and personnel at the national and sub-national levels who are responsible for the sub-national democratic development tofulfil their role and performtheir core functions in effective andgender-responsive ways.

Over the past two years supported by various national and international institutions there were 649 training events on gender related topics, such as gender mainstreaming, domestic violence, trafficking of women and children, and the roles and functions of CCWC. These capacity development activities took place across 24 provinces in the country, and were attended by over 82,000 participants in which 60% of them were women. DoWA in most cases took the lead as the primary training provider (PSDD/NCCD/S, 2009).

A large number of gender training events has indeed increased the awareness of the SNAs at all levels. Despite all this progress, however much remains to be done. The gender technical capacity to provide technical support and monitoring of public services delivery on various sectors among the SNAs, including PDoWA/DoWA is still limited. This is particularly due to capacity development efforts which have been more focused on training for gender awareness-raising and basic concepts of gender mainstreaming, than on developing gender technical capacities. Thus, technical capacity of the SNAs to integrate gender perspectives and practices into their actual tasks and functions and other sector-specific service provision needs to be developed and strengthened.

In addition, capacity development initiatives that had been done in the past, in many cases have been limited to developing individual capacities through short-term training/workshops in an ad hoc manner. These were more targeted at SNAs personnel at the provincial and commune levels and little has been done at the district level. Hands on-user friendly capacity development manuals, tools and guidelines on sector-specific service provisions and/or directly related to the specific tasks and functions of SNAs in many cases are not available.

Institutionalizing the principles of gender equality within the SNAs systems, practices, and procedures is a long process and requires long term investment, and a comprehensive and systematic capacity development approach and strategy. A sustainable gender-responsive sub-

national democratic development cannot be achieved only by developing individual capacity of the personnel of the SNAs through short term training in an ad hoc manner. This needs to be done in a more comprehensive, systematic, and sustainable way.

In the context of the IP3, the capacity development on gender mainstreaming should be carried out at the national and sub-national levels, and in all areas of the interventions. It should take place at three (3) levels: **Individual, organizational and institutional levels, targeting all individuals, organizations/institutions responsible for sub-national democratic development.**

Efforts to develop the capacity of the SNAs should be done from the onset. Newly elected councillors and appointed administrators including their staff as well as newly selected and appointed members of WCCCs and staff responsible for the SNAs at the national level need to be introduced to gender mainstreaming and equality issues.

In this respect, it is particularly important that a special attention should be paid to develop and enhance the capacity of newly elected and/or appointed women in public decision making and politics at the sub-national level. Currently, in total, there are 608 women in the decision making position at the provincial and district levels. This includes 397 elected women councillors (38 women provincial councillors and 359 women district councillors) and 211 appointed women deputy governors (24 appointed women deputy provincial governors and 187 female deputy district governors of capital, municipal, district and khan). (MoWA, 2010).

MoWA with support from its development partners has developed capacity development framework for new elected and appointed women in decision making positions at the P/M/D/K levels. Currently, a National Forum on the Promotion of Women's Participation in Decision Making at the Sub-National Level has also been organized by MoWA, MOI and NCDD/S and their development partners. The national forum has produced a set of recommendations that need to be taken into actions in order to enhance the participation and capacity of women in decision making positions in public sector and politics.

Taking into consideration of the remarkable progress that has been made and the important role of elected women councillors and appointed deputy governors in the promotion of gender equality and the advancement of women, youth and children, therefore efforts to enhance their capacity should be taken as a priority.

In addition, all new councillors, administrators and staff (women and men) should also be introduced to gender equality, women, youth and children issues. Thus, the integration of gender perspectives into the induction programs for new councillors, administrators and staff at the sub-national and national levels is imperative.

To promote a continuous and sustainable capacity development (individual, organizational and institutional levels), it is necessary that a pool of in-house gender capacity development providers at the national and sub-national levels be created and capacitated through Training of Trainer (TOT). At minimum, two women and men representing each SNAs structure and line department at the sub-national level and NCDD/S who are interested and have the capability to be the trainers/providers can be selected in the TOT.

In addition, a user-friendly handbook, containing guidelines, tools and a checklist on how to mainstream gender into practical actions on various sectors, issues and functions in sub-national democratic development should also be developed and in place. Accordingly, the capacity on how to use the handbook will need to be developed and enhanced through a continuous training

workshop, coaching and mentoring. The available user-friendly handbook will also serve as a practical tool that can be used at any time by the SNAs and NCDD/S when they need it in order to effectively perform their tasks and functions through a gender lens on a daily basis.

To promote long-term capacity development on sub-national democratic development, the IP3 is planned to support the establishment of the National Institute for Local Government (NILG). In this context, it is also necessary that a feasibility study be undertaken to investigate the possibility for the creation of a Gender Resource Center (GRC) within this future institution be supported.

The establishment of the GRC will be a long process beyond the three years of the IP3's implementation. During the three years of implementation, support can be provided in terms of technical and financial assistance for conducting a feasibility study (a desk review and overseas study visit) on international best practices, production of a policy paper, and a set of recommendations related to the creation of the GRC in the future.

When it is fully established and functioning, the Gender Resource Center within the future NILG will serve as the body of knowledge and think-tank, research and policy organ to inform the SNAs, NCDD/S and other relevant organizations/institutions about development initiatives, institutional priorities and policies for the promotion of genderequality. With its pool of gender expertise, the establishment of GRC will help address the country's gender technical capacity that currently is still lacking in a sustainable way.

The GRC will also help in changing the perceptions, traditional values, behaviour, attitudes and practices within the SNAs and the community. It will facilitate in creating stronger networking and partnerships among the SNAs, public and private sectors, civil society, I/NGOs and donors through its collaborative actions in research, capacity development, dissemination of information, publication and advocacy. Thus, it will contribute to institutionalizing gender mainstreaming, gender equality and women's empowerment at the sub-national and national levels.

All capacity development initiatives should be linked to program-based activities under all sub-programs of the IP3. Capacity development should not be targeted at women only. But, it should be targeted at men who are currently the majority of legislation, policy and decision makers and the practitioners of local government and development. Investing in capacity development for male councillors and government officials at the policy and operational levels will create a critical mass of male councillors and government officials who will not only be gender sensitive, but also will have adequate technical capacity to incorporate gender perspectives and practices into their respective work.

International and national gender advisers and capacity development specialist/advisers will need to be assigned at the national and sub-national levels to assist with the whole process of designing and implementing gender capacity development.

Strategic Objective and Actions:

Strategic Objective 2: develop and enhance the capacity of all SNA structures, NCDD/S, WCCC, PDoWA/DoWA and other relevant agencies at the sub-national and national levels for advancing their lead role, tasks and functions in defending gender equality and women's empowerment and in promoting equitable local government and development and service delivery within SNAs.

Key Actions:
- Design and conduct a *capacity development assessment* to assess individual, organizational and institutional competences at the national and sub-national levels on gender mainstreaming according to their tasks and functions.
- *Inventory and review of existing gender capacity development* programs, tools, methodology, and supporting materials at the national and sub-national levels.
- *Design a gender capacity development plan, program, manuals, tools and methodology including supporting materials* based on the needs and level of individual, organizational and institutional competences and corresponding tasks and functions at the national and sub-national levels.
- *Incorporate gender capacity development interventions into all capacity development* components of each sub-program of the IP3,
- *Deliver capacity development for all target groups* at the sub-national and national levels (i.e. councillors, administrators and staff, WCCCs, PDoWA/DoWA, NCDD/S) and monitor its implementation.
- *Integrate gender capacity development into an induction program* for newly elected councillors, appointed administrators, and staff at the sub-national, including new staff of NCDD/S who are responsible for SNAs.
- Promote a sustainable internal capacity on gender mainstreaming by *creating a pool of gender capacity development providers at the national (NCDD/S) and sub-national levels (SNAs) through TOT;* enhance and monitor their capacities to deliver capacity development on gender mainstreaming to all SNAs
- Promote continuous learning and sustainable capacity development through the *development of a user-friendly handbook on gender mainstreaming into various sectors, issues and functions of sub-national democratic development for SNAs and NCDD/S.*
- *Conduct feasibility studies* and a policy paper to support the creation of a *Gender Resource Center (GRC)* within the future NILG to promote a sustainable individual, organizational and institutional capacity development.
- *Monitor and evaluate* all capacity development interventions for future improvement.

POLICY AREA 3: Promote women's voice, representation, leadership and decision making positions through strengthened gender institutional mechanisms, network and partnerships.

Equal participation and representation of women and men in leadership and decision making is a prerequisite for achieving sub-national democratic development and gender equality in all aspects of socio-economic and political life.

Despite some noticeable progress and achievements, women are still under-represented in all SNA structures at all levels, especially in leadership and decisions making positions. Therefore, more efforts are needed in order to promote women's voices and equal participation and representation in leadership and decision-making positions in SNAs at all levels. In this context, strengthening gender institutional mechanisms, networks, and partnerships with various stakeholders and institution within and outside SNAs structures is crucial.

3.1. Strengthening gender institutional mechanisms for gender mainstreaming and equality in SNAs

As outlined by the Organic Law, the WCCC is responsible for the promotion of gender equality and the empowerment of women, youth and children at the P/M/D/K level by taking any necessary measures to ensure that appropriate funds, resources and services are allocated to meet

the needs of women, youth and children and address gender inequality. Given its new establishment, therefore, special attention should be given to strengthen the WCCC at all levels. In order to make them fully functioning, the membership, especially the chair and vice chairperson of the WCCCs needs to be selected and announced. The guidelines regarding how to perform their roles and functions need to be developed. Their internal and external, vertical and horizontal working relations and coordination mechanisms should also be clearly defined and articulated. Their network and partnerships within and outside the councils, and their capacity on gender mainstreaming and on other issues linked directly to their functions should be developed and strengthened. Consequently, providing technical and financial support for effective functioning of the WCCCs at all levels is critical and should be a priority of the IP3.

As a cross-cutting issue, however, gender mainstreaming and equality cannot be simply achieved through the isolated efforts of the WCCCs. All existing gender institutional structures and mechanisms at the sub-national and national levels, including MoWA/PDoWA/DoWA, sub-committees and units within the NCDD/S and the working relations among them should be strengthened. Accordingly, their human, technical and financial resources need to be continuously and adequately supported over the years.

In addition, while strengthening the existing structures and mechanisms, attention should also be given to explore the possibility of a representative from MoWA having a position within the Policy Division to cover gender matters related both to regulations, capacity development and mainstreaming. With the support from national and international staff and advisers on gender and other social and sectors issues, MoWA's representative will play a critical role to oversee the implementation of gender strategy, provide gender technical, programming and advisory assistance vertically and horizontally within the SNAs and NCDD/S structures.

Additionally, it is also important to seek the possibility of formulating a forum for women councillors within the Association of councillors and a forum for women civil servants at the sub-national level in order to promote women's voice, leadership and representation. Technical and financial support for conducting feasibility studies for the formulation of these forums therefore is needed.

Strategic Objective and Actions:

Strategic objective 3.1: strengthen institutional mechanism for gender mainstreaming and equality in SNAs.

Key Actions:

At national level:
- Develop clear mandates and operational guidelines for each sub-committee and unit within the NCDD/S to strengthen their functions and accountability for gender equality and women's empowerment in SNAs.
- Develop specific gender equality objectives, action plan and targets, supported by adequate funds for all sub-committees and units within the NCDD/S outlining how each can systematically contribute to the promotion of gender equality and women's empowerment in SNAs
- Monitor regularly the extent to which gender mainstreaming, equality, and women's empowerment issues have been taken into account in the SNAs in accordance with the Organic Law, CEDAW and CMDGs and other relevant regulatory and policy frameworks.

- Define a clear mandate to include report on gender mainstreaming and its progress and outcomes in the progress and annual report of SNAs, NCDD/S and of sub-committees and units within the NCDD/S.

At sub-national level:
- Develop operational guidelines and strengthen human, technical and financial resources of the WCCC at all levels (including CCWCs and CWCFPs) for full and effective realization of their functions in promoting gender equality, and the advancement of women, youth and children.
- Conduct a number of feasibility studies (desk review and overseas study visits) for the future establishment of a forum for women councillors within the SNA Association of councillors and a forum for Women Civil Servant at the sub-national level.
- Allocate earmarked budget to PDoWA/DoWA to support their functions in gender advocacy, capacity development, coordination and monitoring at the sub-national level.

3.2. Strengthening gender network and partnerships

Developing and strengthening networks and partnerships with various stakeholders and institutions within and outside government agencies is crucial in order to gain greater support for gender equality and women's empowerment in SNAs.

Evidence from the past has profoundly proved that the strong efforts, collaborations, and partnerships among government (MoWA and MOI), women's groups and organizations, I/NGOs, development partners and civil society have resulted in a significant increase in women's representation in the commune council, and in the success of the RGC in empowering the CCWCs and CWCFPs.

The ongoing partnerships, collaborations and support among UNDP/PSDD, MOI/DoLA, NCDD/S, MOWA, UNICEF and other stakeholders have increased the capacity of the CCWCs and CWCFPs and have brought to its success in raising the issues and voices of women and children at the top agenda of the commune councils.

Currently gender networks exist almost in all levels of the sub-national administration, and there are approximately 221 partnerships and collaborative initiatives between government agencies with development partners, women's groups and organizations, I/NGOS in the promotion of gender equality and women's rights and empowerment in the sub-national level.

Despite all this progress, challenges remain. Gender network meetings are irregular. In many cases this is partly due to limited budgets to support the activities including travel expenses of the gender networks to attend meetings. Capacity of PDoWA/DoWA as the lead institutions for gender networks is still limited. A monitoring and evaluation system and responsibilities assigned for tracking progress in accordance to gender related indicators is still unclear. Coordination among gender networks and participation of higher level authorities and line departments, including men's participation is also relatively weak.

Given the important role and the challenges they have faced; gender networks, partnerships and collaborations should be strengthened. A gender network forum that can serve as a means to strengthen coordination, partnership and exchange information among the gender networks, government, development partners and civil society should be supported in order to expand support for women's voices, leadership, and representation in the decision making process and leadership positions.

Strategic Objective and Actions:

Strategic Objective 3.2: to gain a greater support for women's voices, leadership and representation by strengthening networks and partnerships with various stakeholders and institutions across SNAs at all levels.

Key Actions:
- Develop/review or revitalize the guidelines for strengthening gender networks with clear mandates, roles, and responsibilities for each SNAs structure, including higher level authorities and line departments to support the activities and attend the meetings of the gender networks.
- Develop a gender network forum and its operational guidelines for an effective coordination mechanism among all gender networks across SNAs and between SNAs at the national level for effective promotion of gender equality, women's leadership and decision making positions in SNAs
- Develop and strengthen technical and financial capacities of PDoWA/DoWA through various gender technical capacity development interventions and earmarked funds to support their lead roles in conducing gender advocacy, technical assistance and facilitation of gender networks.

POLICY AREA 4: Communication Strategy for a greater support of the realization of gender mainstreaming, equality and women's empowerment in all aspects of sub-national democratic development at all levels.

Gender stereotypes, gender bias attitudes, behaviours, and practices in social, economic and political life as well as a mixed understanding on the concepts and the importance of gender mainstreaming, equality and empowerment in the development process are still challenges for the realization of effective and maximum gender-responsive sub-national democratic development.

These challenges, should be addressed. Positive attitudes and practices as well as a common vision and understanding of the importance of gender mainstreaming, equality, and women's empowerment in the sub-national democratic development process should be clearly defined and created from the onset.

The objective of the gender communication strategy is to address these challenges by streamlining and enhancing communication within and outside the SNAs. This can be achieved by producing and making available information and communication systems, channels and materials on gender mainstreaming internally and externally across all stakeholders and disseminating them widely within and outside the SNAs.

The priority target audience of the gender communication strategy will be:
- **Internal audience**: All SNAs structures and NCDD/S at the national and sub-national levels.
- **External audience**: government institutions, development partners, policy makers, beneficiaries, women's groups and organizations, I/NGOs, media, civil society and general public outside the NCDD/S and SNAs structures.

The gender strategy will use both interpersonal and mass communication channels. These might include, but not limited to regular meetings (formal and informal meetings), lobbying, field visits, seminars/workshops/roundtable discussions, publications, press release and conferences, interviews and media appearances, Information, Education and Communication (IEC) materials such as brochures and banners, commemorative days and events, newspapers, radio/TV, email and website.

Strategic objective and key actions:

Strategic objective 4: create a common vision and understanding, and achieve a greater support for the realization of gender mainstreaming, equality and women's empowerment in sub-national democratic development.

Key Actions:
- Produce and disseminate IEC tools and materials related to gender equality and women's empowerment in the sub-national democratic development (slogans, brochures/leaflets, posters, banners, video and photos documentaries, newsletters, etc) for awareness raising, capacity development and advocacy purposes.
- Produce and disseminate various publications (electronic, audio visual, and print format) on the work of SNAs on gender equality and women's empowerment related issues using various communication channels (meetings, events, website, etc)
- Organize and/or participate in various events (field visits, seminars, workshops, roundtable discussions, conferences, national and international women's days, etc) related to gender equality, good governance and sub-national democratic development at the sub-national, national, regional and international levels.
- Conduct regular meetings, lobbying, presentations and press conferences/press releases related to the progress and achievements that have been made in promoting gender equality and women's empowerment in SNAs
- Integrate gender equality and women's empowerment issues into the agenda of various high level meetings, speeches, reports, and websites related to the sub-national democratic development.
- Cooperate with mass media (newspapers, radio and TV) to conduct public and mass media awareness activities (i.e. articles, interviews, talk shows) on the importance of gender equality and women's empowerment in the sub-national democratic development and on the progress and achievements that have been made.

Appendix 4

NATIONAL CAPACITY DEVELOPMENT FRAMEWORK FOR IP3

1. INTRODUCTION

The three year Implementation Plan (IP3) supports the implementation of the Royal Government's National Program for Sub-National Democratic Development. The immediate focus of the IP3 is on establishing and developing the capacity of districts and municipalities as institutions for both local governance and local development. However, the IP3 is comprehensive plan for the reform of the "whole of government" across all levels, extending to the lowest level, the commune/Sangkat. Sufficient capacity development (CD)[15] is therefore a determining factor for the success or failure of this reform, both within SNAs at all levels as well as within other institutions that support them. In this regard, as indicated by world wide experience, capacity development to support IP3 can only be effective when a comprehensive and coordinated National Capacity Development Framework is developed, adopted and applied consistently during its implementation. All of the six IP3 sub-programs, which have strong capacity development dimensions, must come together, for alignment with national policies; capacity must be prioritized and harmonized to reach expected outcomes of the IP3.

This National Capacity Development Framework is the basic conceptual structure that will be used to apply human capacity development under the IP3. The Framework provides all necessary conditions under which capacity development will be applied, including definitions, scope, stakeholders, strategies as well as the management and coordination of capacity development processes under the IP3. Therefore, it provides a frame of reference for how capacity development will support the implementation of all the detailed activities (and their outputs) found in the IP3 sub-programs. If applied, the Framework will determine if the Plan meets its goals and objectives, utilizing one harmonized and aligned approach to capacity development for all capacity providers of the IP3. As such, this National Capacity Development Framework contains both international and Cambodian-specific proven best practices related capacity development to address the overarching needs of the reforms envisioned in the IP3.

2. WORKING DEFINITION OF CAPACITY DEVELOPMENT FOR THE IP3

As stated in the National Program for Sub-National Democratic Development (NP-SNDD), developing the capacity of individuals and the institutions will be necessary condition to ensure the establishment, promotion and sustainability of the National Program. *NP-SNDD defines capacity as provision of technical support, learning opportunities and requisite information, data, equipment, infrastructure, systems and procedures that allow individuals and institutions to achieve the outcomes and goals envisaged from the sub-national democratic development reform policy and its first three year Implementation Plan (IP3).*

Based on that definition, capacity development focuses more than just on individual capacities; it also covers organizational (SNAs and other institutions/agencies) capacities as well as the creation of the enabling framework (or the rules of the game) within which the individuals and organizations (SNAs) will act. Therefore, for the IP3, capacity development is defined as:

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[15] The words capacity development is used as opposed to the use of term capacity building. The term "building" suggests a process that starts with a plain surface and involves a step-by-step erection of a new structure, based on a preconceived design.

> *A process to develop individual capacity to perform their work, organization capacity to function as effective organizations and the capacity to develop/apply the enabling framework that provides incentives in support of sub-national administrations to achieve their mandate(s).*

3.   GOALS AND OBJECTIVES OF CAPACITY DEVELOPMENT

The goal of CD for IP3 is to develop and enhance performance and effectiveness of SNAs to carry out their mandates that encompass delivery of ongoing public services, reflecting the principals of democratic development defined by the NP-SNDD. Capacity development will be delivered and supported by a range of capacity providers, using different approaches, incorporating participatory learning practices for all target groups. Additionally, the initial phase of CD for the IP3 will use primarily supply driven modality for delivery of capacity; during its implementation the CD providers will work to incorporate interventions that will ultimately lead to self-assessments of capacity and by the end of the IP3, yield demand driven capacity development.

The Objectives of Capacity Development in the IP3 (by the end of 2013) are:

- To develop and further improve individual capacity of staff and leaders of the newly formed SNAs with elected councils, especially in the District and Municipality Administrations, and to maximize their learning potentials, to effectively undertake their assigned roles and responsibilities.

- To enhance organizational capacity (systems, strategies, communication, leadership, resources etc.) of SNAs to function as effective organizations to implement (general and specific) mandates that will lead to improvements of the livelihood of local residents.

- To develop national capacity to formulate relevant legislative and regulatory framework for implementing the National Program for Sub-National Democratic Development and its IP3, design appropriate capacity development strategies and interventions for SNAs and develop capacity of capacity providers at provincial levels so that they are capable to provide direct capacity development interventions to SNAs.

Sustainability of any CD under the IP3 will be largely determined by applying holistic approaches to delivery of CD, incorporating participatory practices into every learning activity. This will require implementation of a four step CD process, ranging from assessments to review of results of the interventions. In this manner, over the course of the IP3, supply driven capacity development will gradually lead to demand driven capacity development and create the conditions for its sustainability. Further work on incorporating benchmarks, milestones and assessing CD activities after their delivery for performance monitoring will enhance sustainability of outcomes.

4.   CAPACITY DEVELOPMENT NEEDS FOR THE IP3

Worldwide experience has shown that the human capacity development needs in the execution of any decentralization effort are enormous. It then follows, the capacity development needs for the implementation of the National Program/IP3 are commensurately enormous. These involve the introduction of new individual and organizational capacities for at least 3,220 personnel at the provincial level (23 provinces and one Capital), at least 12,000 councilors, governors, boards and administration staff at the district/municipal levels (159 districts and 26 municipalities)

along with about 13,000 councilors at the commune/Sangkat level (1,621 communes and Sangkats). Additionally, a vast number of national level officials will require capacity development along with their organizational structures under which they operate to take on their newly defined roles under the IP3.

With a focus on districts and municipalities within the IP3, the level of their capacity is under resourced (in terms of human, physical and financial capacities) to various degrees, depending on variety of factors, including their location (urban or rural), previous exposure to donor funded projects, age and experience of staff, access productive resources, etc. This evaluation applies to a range of personnel who do not yet posses the required competencies for the execution of their newly assigned roles and responsibilities and the SNAs as organizations capable to delivery on their general or specific mandates. With the completion of functional assignments exercises, there is expectation that more administrative and technical staff will be posted to new positions, requiring new knowledge, skills, attitudes and experiences to execute their assigned roles. SNAs will evolve as public service delivery agents that require organizational strength to be effective in providing these services. As well, capacity needs will require physical infrastructure in the form of adequate office space, facilities, equipment, transport, computers and internet access to reach the expected outcomes found in the IP3's results framework. The physical infrastructure of SNAs will have to be procured at the onset of the IP3 for effective use of human resources to take place.

Capacity development within the IP3 will be developed at not only the sub-national level but also at the national level. The bulk of CD will be directed to not only districts and municipalities administrations along with their interface with communes/Sangkats. However, the IP3 calls for capacity to be developed simultaneously for all six sub-program agencies. These agencies will undergo a degree of transformation themselves to deliver on IP3 outcomes, including a change of roles and inter-relationships within a "whole-of-government" approach to implementing the National Program. Capacity will be also directed to provincial administrations, acting as regional coordinating structures. These SNAs have new structures and new responsibilities along with new lines of accountability and mandates, which in turn require new capacities.

Capacity needs for IP3 must be evaluated in light of these resource constraints. However, capacity development, in addition, will require harmonization, proper sequencing and prioritization for all target groups. Therefore, capacity will entail addressing the following inter-related set of needs in order to develop:

- Capacity to strengthen the overall democratic development enabling environment. With districts and municipalities as its main focus, the enabling environment for IP3 has to be extended in order to lay strong foundation stone for the implementation of the whole of the NP-SNDD in the coming 10 years;
- Capacity to put in place viable systems, structures and procedures for districts and municipalities for efficient delivery of public services to take place due to their economies of scale, located between the provincial strategic level and the lowest territorial level found in communes/Sangkats;
- Capacity of councilors for ownership of local leadership, local public policies formulation and accountabilities. These capacities have to be developed internally for councilors themselves and externally for all stakeholders in the democratic development reform process, from central ministries to provincial authorities, national, local Civil Society Organizations, Non-government Organizations, citizens and private sector entities, ensuring councilors' new roles are grounded in legality controls, leading to accountability;

- The capacity of the IP3/National Program system as a whole (NCDD-S and sub-program implementing agencies) to deliver capacity at all levels and, in turn become the recipients of capacity development for their new roles to establish the enabling environment conducive to reform and create the right mix of incentives for SNAs to execute their mandates.

The above capacity needs interact. If one aspect is neglected, the whole system may not in the end produce expected results that are timed, incremental, sequential and accurate for the delivery of required capacities to individuals, organizations (SNAs) and the policy/legislative environment that will meet expected IP3 outcomes.

Summary of IP3 Key Outcomes by Sub-Program
(Drawn from the IP3 Intoduction)

National Program Executing Body	IP3 Sub-Program Implementing Agencies	Expected Key Outcomes by the End of the IP3
NCDD-S	1. NCDD-S	Regulatory framework of the SNDD reforms provide incentives for SNA to operate and execute their general and specific (obligatory) mandates.
		Capacity for policy development and program management established.
		Sector decentralization reforms and functional reassignment advanced to provide autonomy for SNAs to deliver public services.
	2.MOI	Set up and staffing SNAs under a temporary regulatory framework established.
		With SSCS, a HR strategy established and drafting a new SN Civil Service law is completed.
		Individual and organizational capacity of SNAs and their staff established to the point where demand driven capacity development is the norm.
		SNA system operating conditions enhanced.
	3.SSCS	System for initial HR arrangements for staff assigned to SNAs in place.
		Regulatory framework for SNA HR management established.
	4. MEF	Policy and legal framework for SNA financing mechanisms is established.
		SNA financial management and financial accountability systems established.
		SNA capacity for (a) financial management and (b) financial accountability established with commensurate ongoing capacity development to support its implementation.
		Central institutions for support and supervision is stengthened through targetted capacity development with move towards demand driven capacity development.
	5. MOP	Planning systems of SNA developed and implemented
		SNA planning capacity developed and demand driven capacity development (panning) is the norm among SNAs to continue to support planning.
	6. League of Local Councils	Strategic development of the capacity of the League reaches its milenstone as part of the capacity development indicators.
		Council mentoring system in place providing ongoing mentoring to local councils with milestones for its first phase reached and handover to the League has begun.
	Sector Ministries	To be defined by functional assignment process

5. SCOPE/AREAS FOR CAPACITY DEVELOPMENT IN THE IP3

Capacity under the IP3 will be established using three worldwide recognized entry points (levels) for developing individuals, organizations and the enabling environment[16].

5.1. Individual Capacity Development

Individual capacity refers to the development of *individual competencies,* in particular knowledge, skills, attitudes and experiences required for staff or leaders to effectively perform their defined roles and responsibilities as defined by their job descriptions. They include, but are not limited to:

- *Basic Skills:* such as use of computers, communication skills, work and time management skills, etc.

- *Job Specific Related Skills*: depending on the position, the individual requires a skill set to perform. For example, an accountant requires skills in preparing budgets, financial transactions, financial reports, cash and bank account controls, etc.

- *Leadership and Management Skills*: there are a predefined set of competencies required for individuals who hold management or leadership positions. These include planning, organizing, monitoring and evaluation along with other relevant skills such as staff supervision, decision making, problem solving, etc. These skills will be also developed through organizational development interventions (see section below), but at this level, it will be focused on individual's ability to lead, motivate and manage rather than organizational leadership (see section below).

- *Staff Attitude*: for each position, there are expectations that staff will have certain attitude toward their job and work place. These need to be developed over time. For example, an accountant needs to have attitude such as attention to details, thoroughness, rule orientation, etc. Furthermore, there are some specific attitudes that need to be considered or developed regarding the organizational culture in which they are embedded. For this, there is a need to develop attitudes of individuals on how they relate with each other within an organization.

- *Experiences*: individuals also need to know how best practice found in good experience to enhance their performance. In this regard, individuals need to see how effective best practice is applied. This can be learned from other locations and individuals doing similar work through learning from other staff or "learning by doing".

5.2. Organizational Development

Organizational development refers to the development of an organization's capacity to meet its objectives and mandates. In particular, this refers to the organizational systems, leadership, strategies, communication and resources that enable SNAs to function as effective organizations. Thus, under the IP3, SNAs need to be capable to meet their objectives of providing public services that meet the needs of local residents. Key organizational competencies include, but not limited to:

- *Organizational Direction and Plans*: All SNAs need to be clear about how they collectively meet their goals by setting a clear vision and mission and have the road map (in the form of a strategic organizational plan) to guide its operation.

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[16] JICA: Capacity Handbook for JICA Staff, March 2004, page 7 and UNDP's Capacity Development Practice Note, 2008 among other publications that now document these terms as entry points (levels) for capacity development.

- *Program/Service Management:* This refers to setting a program direction and formulating and managing programs/services toward the defined direction/overall vision for the SNAs.

- *Internal Structures, Systems and Policies:* This entails allocation of work in an SNA/entity into different teams / structures, including clarifying lines of authority and accountability; establishing necessary supporting and management systems and processes; developing and applying internal policies and procedures.

- *Human Resource Management*: SNAs needs to manage human resources so that people in the organization produce results and, in turn, for the organization as a whole to achieve its goals and objectives. In so doing, this involves ongoing assessment of people's capacity needs and performance and finding appropriate ways to address their capacity gaps. In this manner, it would help staff to achieve their individual potential for collective organizational needs.

- *Organizational Leadership*: SNAs function best when there is supportive leadership that inspires and motivates all people to work toward a common objective. Leadership is an influential force that can facilitate or inhibit the whole of SNA/entity to function. Thus, it needs to taken into consideration and adapted to ensure the principles of democratic development take hold; applying participatory decision-making process; developing trust and collaborative internal relationships, motivation for the whole team of the organization to act as one, etc.

- *External Relationship and Resource Mobilization*: SNAs cannot exist in a vacuum. Governance, by definition, needs to relate and engage with other organizations and entities through strategic partnerships. This involves developing partnerships with the community organizations, NGOs, CSOs, IOs, and the private sector to provide governance and meet goals and objectives. Furthermore, an organization needs to be able to mobilize resources (financial, materials, expertise) from all possible sources to finance its operational and capital costs.

- *Financial management*: SNAs need to plan, organize, control, and monitor their finance to achieve their goals. The leadership along with its administration must put in place policies regarding resource allocation. Good practices in financial management within legally mandated rules/legal requirements need to be implemented for effective use of resources.

An OD Manual is under design to guide the CD team to facilitate organizational development interventions to SNAs or other institutions upon demand.

5.3. The Enabling Framework

The Organic Law was adopted in 2008, followed by other regulations such as Royal decrees, sub-decrees and guidelines. The policy document of the Royal Government to guide sub-national democratic development is in the form of the 10-year National Program for Sub-national Democratic Development (NP-NSDD) that was adopted in August 2010. This was followed by the fist three-year Implementation Plan (IP3) that was issued in November 2010 and endorsed by the NCDD on 30 November.

To provide incentives and enable the SNAs to implement their mandates, a range of other regulations and guidelines (systems) are required. These still need to be developed and applied. For this reason, IP3 requires:

- Capacity of national level institutions related to setting policies that translate into legislative instruments/guidelines. This will entail identification of the gaps found in the national regulatory framework for SNAs and formulation of supportive policies and legal instruments for sub-national democratic development to take place. Technical assistance from key advisers will be required as there is need to establish the required policies, legal instruments, regulations, and guidelines in line with internationally recognized norms and procedures.

- Capacity of SNAs themselves to interpret, apply/comply with the national policies and legal instruments that affect them as organizations or individuals who work in SNAs. This would also apply developing capacity to influence policies and national legislation that are in the best interests of SNAs through collective means as found in the League of Local Councils through its ability to advocate / lobby. Additionally, the issuance and content of by-laws (Deikas) of SNAs will require capacity development to align with specific policies set at the local level.

6.   STAKEHOLDERS AND ROLES IN CAPACITY DEVELOPMENT FOR THE IP3

6.1.   Target Groups for Capacity Development in the IP3

The key focus of the capacity development recipients are SNAs as organizations and individuals working in SNAs along with individuals and institutions at the national level that implement/manage the IP3.

District and Municipality Administrations: As the focus of the IP3, these organizations are key capacity development recipients. Their primary role is to provide ongoing public service delivery in their respected local territory. Capacity development interventions will be delivered so that they lead to self-assessments and identification their own needs with the aim to actively engage themselves in the capacity development interventions. Thusly, this type of approach to capacity development will allows Ds/Ms to meet expected milestones and outcomes by the end of the IP3.

Provincial Administrations: All 23 provinces along with the Capital are also capacity development recipients as they also need the capacity (supported by the national level structures or other capacity delivery providers) to be able to deliver capacity development interventions to district and municipality administrations. Aside from developing themselves as effective organizations and developing individual staff, provincial/Capital administrations need to assemble a team of capacity development facilitators / providers. They must be confident to work with district and municipality administrations to assess, design and deliver capacity development interventions (individual and organizational development), applying appropriate CD approaches, processes and packages for the specific need identified in the assessments.

National Level Institutions/Organizations: At this level, there are a number of institutions such as NCDD-S, MOI, MEF, SSCS and MOP, who have the role to play in order to identify and formulate national legislative/regulatory framework in support of SNAs. However, they also must play a role to support and coordinate capacity development activities (development of curricula and providers of capacity development in their respective technical areas) to provinces. Thus, they need the capacity to undertake these roles over the IP3 period. Additionally, there will be a need to provide not only the sub-program agencies with capacity development but also sectoral ministries as they move to delegate or devolve functions to lowers levels of government as the IP3 evolves. Thus, the sub-program agencies will be not only capacity development

providers but also recipients of (organizational and individual technical and administrative) capacity development.

6.2. Capacity Development Providers

To provide capacity to above-mentioned capacity development recipients, a range of capacity providers are considered, both, from government and non-government structures (private companies, NGOs, consultants etc.). Below is a listing of capacity providers with their potential roles in support of the capacity development for the IP3:

Government Structures

Provincial CD Team: A CD team (3 persons, one of whom responsible for supporting CD in financial management) will be allocated in each province. The role of provincial CD team is to prepare and deliver CD interventions directly to D/M Administrations based on the identified needs along with provision of on-going support. The provincial teams will receive guidance from national level capacity team and liaise with NP Advisers assigned to each D/M. MoI will be the primary responsible for developing curricula and the capacity of capacity providers across a range of topic areas. Each sub-program agency (moreover MOP and MEF in their respective areas) will participate in curricula development and delivery of capacity. This will also apply to the contracted mentoring firm/identified set of individuals for SNA council development.

National CD Team: They will participate in the design of CD interventions (for all levels of capacities); develop capacity of provincial CD teams, including backstopping services and other support as necessary. The National CD team is also responsible for leading the national wide monitoring and evaluation activities, which will contribute to the improvement of CD strategies/ approaches and interventions as the whole. One international advisor and two National CD Advisors allocated from NCDDS, MOI, MEF, MOP staff will work in tandem to develop the required CD packages and process to each type of capacity development intervention as part of the CD Technical Steering Committee working under the authority of the NCDDS.

CD Advisors: A NP advisor will be allocated in each entity (district / municipality administration). The main role of CD advisors is to develop capacity of Cambodian capacity developers/providers so that they can take over the role of CD in the future with decreasing level/no advisory support. CD Advisors will be placed along with National counterparts to provide specific necessary CD assistance that enhance capacity of the government counterparts or structures with a SNA.

SNA Association: The role of SNA Association is to provide services to councils as members. Advisors, both international and national will develop the capacity of the League of Local Councils over the IP3 period so that the association will be capable in providing services to its members. This will be done, in part, by coordination and close operational support with the (NCDDS) contracted mentoring firm or contracted individuals to provide these services. In either case, the SNA Association will have to liaise with the contracted firm or individuals and in so doing, develop capacity their capacity to take on the role of service provision to SNA councils in the future.

Public Institutions of Higher Learning: These are available either in the Capital or in provincial towns. The role of these institutions will be to respond to CD needs of SNAs that supplement existing government CD structures. An assessment of the ability of these institutions to provide services to IP3 capacity recipients will be conducted to evaluate the extent to which

they may supplement primary government structures. Nonetheless, CD interventions by these institutions, at the onset of the IP3, might include basic skill development (communication, computer skills, etc.) up to a degree course (Bachelor or Masters Degree in Public Administration with specialization in finance, asset management, etc). Universities would work to establish life long learning centers for public civil servants (short term courses to supplement skill development). The task of developing these CD support institutions will be born by NCDD-S national CD advisors in collaboration with sub-program agencies over the course of the IP3.

Non-government Structures

Private schools, Universities: These are available either in the district, provinces or in the Capital. Their role would be the same as public institutions of higher learning. However, given that they are more accessible to SNA due to their proximity, these institutions will lend themselves to perform capacity development to those SNAs that are more remote from public institutions of higher learning. As with public institutions, an assessment of their ability to perform as providers of capacity will be conducted during the early stages of the IP3.

CD Consulting Firms: These can be national or international consulting firms. These firms will be supplemental and possibly alternative CD providers for SNAs, i.e. all CD needs that cannot be met by existing government structures due to the scope, scale and specialized areas of needs. Consulting Firms can be contracted on an interim basis (either at the national level or by the SNAs themselves if sufficient resources were made available) to undertake specific types of work within their expertise for national, provincial and local needs.

NGOs: These can be national or international NGOs. Same situation as the one for private consulting firms applies since NGOs that have expertise in specific areas should be considered as alternative CD providers to deliver specific / tailored CD interventions to SNAs.

Independent Consultants: Based on the specific needs, independent consultants, both national and international, could be hired to undertake aspects of CD work or assignments, including assessments or independent evaluations of CD programs.

7.   CAPACITY DEVELOPMENT STRATEGY FOR THE IP3

Capacity development will be designed and delivered by a range of CD deliverers using both government and non-government structures to SNAs as primary CD recipients as well as to CD deliverers in government structures. This section defines the preliminary priority actions for CD, practical steps/processes of CD, the mechanism of how CD will be delivered up to the SNAs as primary recipients, what types of approaches to be used for CD interventions, how CD will be planned, managed and financed, as well as the sustainability aspect of CD for SNAs in the longer-term.

7.1.   Priority Actions for Delivery of Capacity Development

The basic conditions established and preliminary stages formulated for delivery of capacity development are paramount actions to be taken at the onset of the IP3. Many of these will be developed simultaneously while others need to be sequenced and prioritized. One of the determining factors will be availability of qualified facilitators/consultants to carry out the necessary CD interventions using the methodologies found in this Framework. As well, there will be limits to resources that might preclude or alter course of CD interventions over the life span of the IP3, especially during its first year when resource allocations will be the largest. At

the start of the IP3 there will be substantial resources devoted to developing the capacity of capacity providers along with its commensurate formulation of CD materials, relating to not only capacity development of the providers but also materials across a range of subjects (individual skills and organizational) for the recipients of CD (SNAs and institutional entities).

Below is a list of key priority actions that will be performed at the onset of the IP3. Most of the basic conditions for CD to take place will have to be implemented simultaneous at a rate commensurate with expected outcomes of the IP3 for the first year. While other actions will be sequenced or overlap in their formulation. This set of priority actions includes, but are not limited to the following:

- Conduct an inventory of all physical infrastructure of districts and municipalities, including provision of electricity, IT through internet access, communication and transport;

- Procure necessary infrastructure conducive to conducting governance operations in all districts and municipalities;

- Establish basic staffing requirements for operation of SNAs/IP3 sub-program agencies in line with the IP3 through issuance of new terms of references (as functions are transferred their will be a need for additional staff to accommodate new mandates over the course of the IP3);

- Conduct an inventory of necessary regulations or guidelines in support of operations at districts and municipalities/provinces based on basic operating/administration procedures for administration and legislative/policy structures;

- Implement basic systems for operation based on regulations/guidelines through MOI capacity development providers using the methods approaches and processes contained in this Framework;

- Conduct an assessment of basic skills (communication, literacy, computer skills, etc.) for all SNA staff and based on this assessment identify the appropriate providers for developing basic skill capacity (these do not have come from the pool of technical individual or organization CD providers but can be drawn from other sources that are in close proximity to the SNA);

- Begin preparation of developing capacity development manuals and guides for capacity providers on all processes, approaches, participatory practices and packages identified in the Framework;

- Develop a comprehensive prototype CD strategy by type of institution/SNA and conduct pilot tests of key CD instruments/interventions;

- Implement capacity development of CD providers (after their identification of competencies has been completed) to deliver on the various technical, administrative skills required by individuals across a range of institutions beginning with districts and municipalities and start the prioritization of CD for different target groups;

- Begin preparation of all materials (manuals, guidebooks, props, slide presentations, etc.) that will be used in the delivery of capacity development by the providers for all levels and entities;

- Implement capacity development of CD providers to deliver organizational development using the OD Manual as a guide along with implementation of assessments, agreements with SNAs, holistic approaches, processes, and packages identified in the Framework and OD Manual; and

- Ensure CD assessments are conducted for individual technical and administrative positions and organizations as a whole within pre-identified periods to re-assess needs; based on the assessments, modify CD materials/approaches and participatory practices on case specific basis and re-launch CD interventions.

7.2.   Capacity Development Processes and Packages

For each SNA, capacity development will follow a four step process:

1). **CD Assessment**:   Develop CD assessment tool, conduct CD needs assessment process, report and agree on CD needs. It is very crucial to assess and identify the real learning needs so that effective CD interventions can be planned and provided. In the Cambodian context, this aspect is a challenge in recognizing the weaknesses or areas for improvement and it needs to be carefully processed. The piloting of assessment will take place before the assessments are rolled out to the wider set of SNAs.

2). **Development of CD Intervention Plan**: Identify CD aspects to be improved; define specific CD objectives to be achieved over time; develop target indicators/milestones and identify involved individuals as well as the timeframe / schedule.   An intervention plan needs to be negotiated and agreed between the CD providers and recipients.

3). **Design & Delivery of CD Interventions**: Design specific CD interventions based on the identified needs and agreed intervention plan, then deliver these tailored-made CD interventions. For some common needs, a CD program can be designed and provided from (see the table below) a phased method.

4). **Evaluate CD results**: Assess the CD outputs, outcomes and impact based on agreed objectives and Indicators; identify CD needs for the next period; adjust the CD plan based on what has been learned.

This four step process will be *repeated continuously* until the expected performance target is reached for each target individual, group or organization. This process applies for all CD interventions envisioned under the IP3. At the onset, this four step process will be supply driven but if implemented over time, it will lead to demand driven self-assessments and demand driven CD[17].

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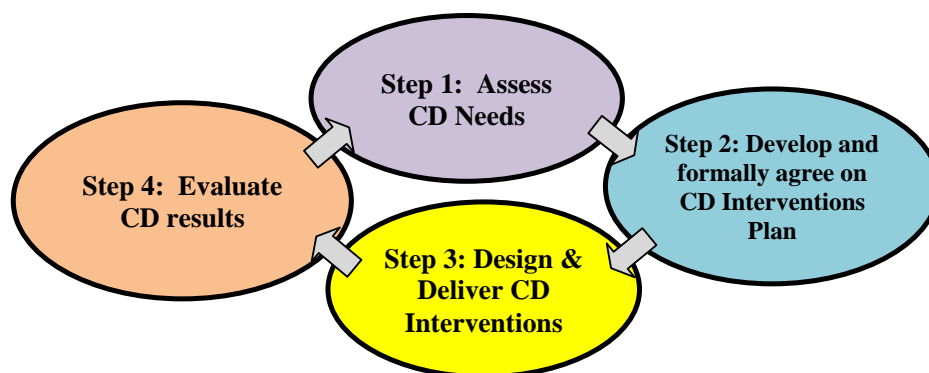
[17] CD processes and tools for Organizational Development are defined in the Organizational Development Manual for SNAs.

The table below shows the steps in the preparation, design, and management of a CD program under the IP3 that will be conducted simultaneously with the list of priority actions. This type of phased approach to developing the design and management of a CD program will be implemented for SNAs that have common needs. For cases that do not have common needs, the capacity provider will formulate a customized set of phases and steps commensurate with the needs of a specific capacity development intervention.

A. Preparation Phases for Capacity Development Program of the IP3		
Step 1	**Step 2**	**Step 3**
Identify target organizations and prepare preliminary capacity priorities and sequences, according to IP3 needs and timeframes	Identify target groups within the organizations along with individual technical and administrative capacity development needs: create a typology for delivery of capacity	Identify capacity providers and resource persons to support capacity providers in line with delivery structure and mechanisms
B. Capacity Development Program Design for the IP3		
Step 1	**Step 2**	**Step 3**
Mobilize logistical requirements to deploy capacity providers and start preparation of capacity development packages (manuals, guidelines, approaches, etc.)	Design and refine capacity needs assessments for organizations as a whole and individual technical and administrative capacities in line with ToRs and needs of the IP3	Design a capacity providers program; formulate capacity providers' manuals, guidebooks, and materials
C. Capacity Development Management Plan for the IP3		
Step 1	**Step 2**	**Step 3**
Design the organizational and management structure required to implement prioritized capacity development interventions at all levels and for all recipients of CD	Design a quality assessment and control mechanisms for the delivery system using pre-defined criteria for all expected outcomes/competencies of providers and recipients	Design a capacity outcome/impact evaluation mechanism. Create incentive mechanisms for the delivery system as a whole and for capacity providers individually

7.3.   Capacity Development Delivery Structures /Mechanisms

The CD interventions at the onset of the National Program and through the life of the IP3 will be delivered using a supply driven cascade model while creating the necessary conditions for CD self-assessments that would lead to demand driven assistance. The diagram below shows that CD interventions to D/M Administrations that will be delivered through the provincial CD teams with support and monitoring conducted by the National CD team.

This model of delivery requires attention to develop capacity of the provincial CD team (in coordination with specialized CD providers drawn from IP3 sub-program agencies) as the primary CD delivers/providers at the onset of the IP3. This will not be a trivial task and therefore require a well formulated action plan for its implementation along with identification of CD experts to lead the capacity development of CD providers on all of its approaches, assessment models, processes and packages, organizational and individual technical and administrative capacity development interventions identified in this Framework. Additionally, there is need early on to formulate well conceived capacity development manuals and guidelines on all of the approaches, processes, packages and modes of delivery mechanisms for the CD providers. It is an understatement to say that the successful launch of the IP3 will crucially depend upon specific expertise identified to implement this task. As well, significant resources will be devoted to developing the capacity of capacity providers on a scale never seen in the Kingdom of Cambodia by the Royal Government.

Flow of CD to D/M and Commune/Sangkat Administrations

At National Level: The National CD team will be formed, in part by NCDD-S and liaison with MOI as one the primary CD delivery mechanisms under the IP3 in collaboration with MEF, MOP and the SNA Association/mentoring firm. Their role would be to formulate/revise the National CD Framework for the IP3, develop CD programs and curricula, monitor and evaluate CD needs and delivery and provide ongoing support to provincial CD teams. Their secondary tasks will be to coordinate CD activities at the national level for participating institutions/ agencies, including monitoring and evaluation and the improvement of the national CD strategy as defined in this Framework document. The national CD team will comprise of both national and international CD experts supplemented by technical advisors. Over the course of the IP3, they will work to identify and lend support to specialized institutions or private CD firms/consultants to fill capacity gaps as providers of CD. By developing the capacity of external to government CD support providers, implementing CD process and packages that are based on self-assessment with participatory practices as part of the delivery along with utilizing time tested proven CD holistic approaches, the phase out of international support in the form of CD experts and technical advisors will take place.

At Provincial level: The provincial CD team will be formed in each province to provide tailored-made CD interventions to specific D/M administrations along with on-going support. Capacity of provincial CD team will be developed over time by national CD teams along with the support from NP advisors located in each D/M. CD manual on technical and administrative skills along with the OD manuals (other manuals, material as required) will be developed for provincial CD teams to use for CD interventions for D/M Administrations and their interface with communes.

At D/M and Commune/Sangkat level: D/M Administrations are primary CD recipients under the IP3 and thus will receive CD interventions from two main sources from a) provincial CD team, b) specialized persons/institutions (e.g. Institute of PA, universities, NGOs, firms, consultants, etc.); and c) the NP Advisor, who is placed directly within the administration.

7.4.   Holistic Approaches to Capacity Development Interventions

Consensus is emerging among the development community on new approaches to learning for enhancing capacity development. This consensus points to "*using the right approach (…) to making the right choice of capacity development response, whether training, facilitation or other modality. Those making decisions need to be able to understand which approach would be best in any given circumstance.*"[18] In this regard, capacity development delivery approaches

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[18] Pearson, Jenny: Seeking Better Practices for Capacity Development: Training and Beyond. OECD/DAC- Len CD, February 2010, p.1

"*need to go beyond training to broader conceptions of "learning practices*" depending on the CD need and desired learning outputs. For example, for the subject of strategic planning, learners/recipients will require to (a) understand the concept and steps of strategic planning or (b) develop a draft strategic plan or (c) receive support on how to write a strategic plan. These requirements can be met employing different approaches for planned CD interventions and in general, the learning outcomes drive the capacity design learning approaches/practices and learning formats/tools[19].

Capacity development, both individual and organizational development, will be delivered using *different capacity development approaches,* which can be either new or not in common use in the Cambodian context for sub-national local governance or development. This new orientation towards capacity development interventions will be undertaken with a *focus* to align and equip other sources of capacity development delivery to SNAs such as those found in NGOs, private schools, institutes, consulting firms, etc. with new practices and approaches in support of SNAs.

Worldwide recognition has led to identification of three primary capacity development approaches: training, facilitation and coaching. These are supplemented with other capacity development approaches, namely plenary (for example, inter-SNAs) workshops, exposures to best practices (for example in-country or third country study tours), structured internal reflection using an Action-Learning Cycle approach[20] up to a long-term study (such a degree course to build broader conceptual knowledge). These supplemental CD approaches utilize more or less the three primary approaches. For example, when one conducts a workshop, they use either facilitation or coaching approaches and some workshops have elements of training (with many inputs/presentations)[21].

These approaches along with participatory practices will be the norm for implementing the IP3 to address capacity development. Harmonization of the delivery format of capacity will take place under all sub-program agencies. Additionally, it will be transferred to other in-kind projects that lend support to IP3 implementation.

The diagram below shows the main approaches that will be used for CD interventions to implement the IP3.

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[19] World Bank: The Capacity Development Results Framework, June 2009, page 35

[20] Action-Learning is the process of consciously learning from one's own experience and that of others in order to improve future practice. Action-Learning Cycle (ALC), which has four elements, i.e. Action, Reflection, Learning and Planning, is a structured reflection tool used to draw learning from actions (experiences) that will be integrated into an improvement plan to be acted on.

[21] Refer to Annex 1 for a description of these approaches.

7.5. Supply Driven CD Evolves to Demand Driven CD

The implementation of four step capacity development process will be the norm under the IP3 (the four steps that start with a CD assessment followed by development of an intervention plan, leading to design and delivery of CD interventions and finally by evaluation of CD results). This type of approach to CD has proven to lead to sustainability of results and eventually to demand driven CD.

The most important starting point of capacity development process is to identify CD needs. However, at the starting point, the CD recipients themselves might even not what they need in terms of capacity development and, therefore the recipients might claim that they need everything. A systematic developed assessment tool will help to identify their needs, but it is important at the onset that the CD providers support the SNAs in assessing their CD needs, and formulate a CD plan that addresses them. For sustainability to take place, the four step CD process is continually repeated which if done correctly will lead to self-assessments and demand driven capacity. By the end of the IP3, SNAs themselves should be in the position to identify their own CD needs and what kind of support they look for. The role of human resource personnel in coordinating CD activities in each SNA should increase over time and possibly some CD initiatives could be organized in-house. The IP3 will aim for SNAs to be able to plan, manage, and seek technical and financial support to CD.

7.6 Participatory Learning Practices

The way individuals learn and choose to change is varies from person to person. But, what we do know that that past life and work experience are used as a basis to judge if new knowledge or skills are worth adopting. For an individual to learn, the person must feel that new knowledge or skills will make a difference in their lives for the better and will lead to desired outcomes.

Recent studies on the way people learn (develop their capacity) have shown that individuals remember:
- 20 % of what they hear,
- 40 % of what they hear and see
- 80 % of what they discover for themselves.

In working with individual for change management, the capacity provider should create a situation where adults can discover answers and solutions for themselves rather than just providing answers right away like what takes place under traditional teaching. With the appropriate participatory learning/CD activities, individuals are given a chance to explore, think and find their own solutions. When they have exhausted their ideas you can consider adding more points that the group or individual has not internalized.

The behavior of capacity providers towards individuals has a tremendous influence on the way they respond[22]. If we behave like what is common practice among teachers who deliver lectures, by telling people what to do and learn, recipients of CD will not be as responsive to learning and nor acquisition of new skills. They will either become dependent on the teacher or stop thinking for themselves or they will comply without learning taking place but continue do what they always did as behavior change takes more than just lecturing. In conducting capacity development in this manner, individuals will not be empowered with new knowledge and skills that they can actively apply in the workplace. Moreover, even if a change of behavior takes place, it will not last as long as if when capacity provider use participatory methods.

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[22] Capacity.org: Behavior and Facilitating Change, Issue 39, May 2010, page 14.

If capacity is to be developed by asking questions to bring out their life and work experiences and applying these to the learning experience, individuals will respond in a completely different way than when they are just told what to learn. Under participatory learning practices, recipients of CD will think for themselves and will consider new ideas to apply to real work experiences and, thus, behavior change will take place. In this manner, they will be able to explain why a certain change will work or why it will fail. The role of the facilitator / trainer / coach is to listen carefully and help individuals to organize their ideas and apply them in an interactive manner for learning to take place on scale large -- facilitating learning -- rather than if a lecture is presented. This process of discussion and analysis and involvement in the learning process is participatory learning.[23]

Participatory learning brings a challenge in its application. It puts more responsibilities on the learners to actively engage, contribute and work in the learning process to achieve learning outcomes but in so doing, participants might not feel comfortable as they expect facilitator to provide and act on everything. Clarifying roles and expectations of actors in the learning process will help to overcome the traditional approach to learning that commonly takes place in Cambodia.

7.7.   Capacity Development by the End of the IP3

By the end of the IP3, the CD strategy should be in place for future development of supporting institutions, SNAs themselves (with a focus on districts and municipalities), and other national level institutions (IP3 agencies or sectoral ministries). This will have to take into consideration of use of both national and international advisers contracted by the NCDDS or other sub-program agencies. By the mid-IP3 period, the CD strategy (on all levels: enabling environment, organizational and individual levels) will have taken hold and begun to yield demand driven capacity development, especially in SNAs. However, in order to implement a comprehensive capacity development in line with the needs of the IPS, there are overarching limitations. These center on identification of sufficient number of qualified CD facilitators/providers along with costs factors in implementing a wide range of CD strategy/interventions, spanning all three levels in virtually all sub-program agencies, supporting institutions, ministries, and involving all SNAs and their staff. Given these considerations, there will be an ongoing need to assess the core resources devoted to capacity developing, including the possible phase out of contracted national and international advisers.

8.   MONITORING AND EVALUATION OF CAPACITY DEVELOPMENT RESULTS

Monitoring and evaluation (M&E) needs to be more than a control mechanism designed mainly to satisfy specific (donor or government) accountability requirements. It needs to be designed and managed as to encourage learning, participation and commitment. For development projects, results-based management is widely used as an approach to monitoring and evaluation. For CD, monitoring and evaluation, especially its measurement, this type of M&E is still debated, including the terminology to apply for definitions. The question arises whether monitoring and evaluating of CD should focus on development results (overall impact on an individual's life) or on the ability of CD recipients to perform. Recent research indicates that improved capacity leads to improved development results, but the more people focus on capacity issues and the more they work to improve their ability to learn, adapt and innovate, the less willing they were to accept results-based management techniques[24]. For this reason, the IP3 will use a combined

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[23]IP3 CD delivery will be guided by participatory practices found in the MOI's Facilitation Skills: Training Manual, Department of Local Administration, 2003 and those in UNESCO's Principal Regional Office for Asia and the Pacific, Non-Formal Adult Education Handbook, Module 4, Participatory Learning, Programme for All, 2001.

[24] *Heather Baser and Peter Morgan: Capacity, change and performance, discussion paper No. 59B, April 2008, page 92*

approach for monitoring CD. The diagram below suggests an approach to monitoring and evaluation of CD, focusing more on capacity and learning issues. The measurement of CD will focus on capacity and performance of CD recipients (SNAs/other institutions).

A full CD monitoring and evaluation framework will be developed and adopted by NCDD-S.

Diagram of the flow of CD from inputs to impact and indirect result of human development:

A). CD Outputs

Immediate results produced by CD interventions or processes. CD products produced or CD services provided. Specific indicators to be measured are (but not limited to):

Examples at the Individual Level:
- Number of CD activities organized, number of people in the SNA involved
- Measure of knowledge/understanding gained
- Measure of relevant information received for a specific topic
- Experiences received to further inform recipients of capacity development
- Issues, concerns clarified through assessments, facilitation or reflection
- Measure the extent of self-awareness developed through CD interventions (coaching)

Examples of Organizational Level:
- Number of OD interventions received, number of people/structures involved
- Measure of a common understanding developed
- Extent of consensus / agreement reached
- Number and type of outputs produced (e.g. structures, plans, systems, proposals, reports etc.)
- Extent and type of organizational issues/problems clarified
- Identification of alternative options/solutions identified
- Number and type of actions for improvement agreed

B). CD Outcomes

Change in people's behaviors and organizational practices that resulted from the use of CD outputs. Specific indicators to be measured are:

Individuals: Examples
- Staff applied their learning into their workplace
- Staff changed thier behavior, practices, beliefs, perceptions towards based on a CD intervention
- Staff followed standards of good practices

Organizations: (SNAs, or national level institutions or structures within institutions)
Examples
- The Administrtion/national institution practiced better leadership
- The Administrtion/national institution adopted new plans, systems, structure, roles/ responsibility, policies, and practiced / adhered to them accordingly
- The Administrtion/national institution applied management best practices (decision-making, meeting, monioring and evaluation etc.)

C).   CD Impact

Changes in staff performance; changes in organizational functioning, environment and performance. Specific indicators to be measured are:

Individuals: Examples
- Staff work more productively
- Improved work quality of staff
- Staff get recognitions from leaders

Organizations: Examples
- The Administration/national institution functions effectively and efficiently to achieve mandates
- The Administration/national institution works proactively and able to adapt to external changing environment
- Citizen express satisfaction with services provided by SNAs
- Organziation receives good cooperation from development partners and relevant stakeholders
- Staff in the organization are well motivated, committed and have high moral
- Organizations have developed relationship/cooperation with other public sector organizations, NGOs, IOs, CBOs, and the private sector to deliver governance
- Staff have developed better relationships, working environment, teamwork and colaboration to deliver mandates as one.

9.   COORDINATION AND MANAGEMENT OF CAPACITY DEVELOPMENT

National Level:

- A CD Steering Group comprised of representatives of NCDD, SNA Association(s), CSOs/CBOs, International NGOs and other significant stakeholders will be formed to ensure adherance to capacity development policy and implemnentation as well as to assess results of capacity development interventions.

- Under the guidance of the NCDD-S and in consultation with all other sub-program agencies, a "Capacity Development Technical Coordination Team" (CDTCT) consisting of a core group of international and national capacity/organizational development specialists posted within the NCDD-S and in other IP3 Sub-program implementation agencies will be established in order to coordinate the design and production of curricula, contents of various capacity development tools, decide on the appropriate formats and sequencing / prioritization of interventions, taking into consideration targeted beneficiaries (organizations or individuals). The composition of the CDTCT will also include donor project representatives who provide project-specific support to the implementation of the IP3.

Provincial Capital / District / Municipality Levels

- Capacity Development Groups shall be established comprised of NP Advisers, council mentors, HR, other administrative and technical staff whose organizational units are involved in their own capacity development. These CD Groups will collaborate in the management and delivery of capacity development in a coordinated way at their own level to ensure outcomes of all capacity development interventions.

- In the District/Municipality Administrations, a permanent existing staff will be assigned (HR person) to coordinate all CD activities within their own administration. S/he will act as bridge between the administration and all possible CD providers, and over time, ensure that capacity development needs will incrementally lead to self-assessments and, thus, with proper implementation, CD responsiveness among all target groups will be demand-driven by the end of the IP3. The NP advisor, whose line of accountability is to the NCDD-S, will oversee, monitor and backstop all capacity development interventions for Ds/Ms and Communes/Sangkats. This will also be the case for the Capital for which a special CD strategy will be developed.

9.1. Capacity Development Inputs: Flow of Financial Resources for Capacity Development

Inputs to any activity consist of physical, human and financial resources to execute the activity. In this regard, NCDD-S AWPB will identify, based on outputs of the IP3, the necessary resources requirements for implementing all CD interventions, plans or strategies that were part of the IP3, by year. Some CD activities might take place outside of the IP3 pool of funds (not administered directly by the NCDD-S) through in-kind projects contributing to the provisions found in the IP3. The NCDD-S's unified organizational AWPB will cover all outputs produced, regardless of the source of funding, with capacity development falling under the transactional portion of the AWPB, comprising the larger share of this portion of the budget. The resources devoted to CD will then flow through the national annual capacity development work plan (drawing from the NCDD-S AWPB) into the consolidated provincial annual capacity development work plan. Given the uncertainty of the funding modality for districts and municipalities, at the onset of the IP3, there will be no capacity development AWPB at this level or the C/S level. However, once there is more certainty in the discretionary funding mechanism for districts and municipalities, there will be an allocation for capacity development activities both for these SNAs and for CD delivery to communes and Sangkats. By the end of the IP3, there should be an allocation of funds to district and municipal levels in order to cover the costs of their own self identified needs related to capacity development. At this stage of the IP3, there will be a need to coordinate between all supply-driven CD and self-identified CD procured through non-government sources. As is the case in some countries, the national level institutions allocate earmarked funds to the local level for capacity development with sanctions based on performance outcomes. This type of modality for delivery of capacity could be formulated post-IP3 to SNAs.

GLOSSARY

Term	Definition
Capacity	Capacity is the ability of people, organizations and society as a whole to manage their affairs successfully and to meet objectives.
Capacity development	The process to develop individual and organizational capacity and the necessary enabling framework for individuals and organizations to act.
CD approaches	Different methods applied for CD interventions such as training, facilitation, coaching along with other supplementary approaches.
CD delivery structure/ mechanism	The way that people, logistics and financial support are structured from the national level up to the primary CD recipients in order to meet capacity development outcomes.
CD framework	A defined basic structure intended to provide support and guidance for CD. It includes strategies and mechanism in designing, implementation, monitoring, evaluation, and management of CD within a defined scope and targets.
CD impact	Changes in staff performance; changes in organizational functioning, and incentives that the enabling environment provides.
CD inputs	Resources (people, physical/materials, financial) needed to undertake CD interventions or processes.
CD interventions	The CD response; designed and delivered to meet CD needs. A CD intervention refers to subject (area of need) and the specific approach to deal with that subject, e.g. training on financial management, leadership coaching, facilitation on structure change, etc.
CD outcomes	Change in people's behaviors and organizational practices that resulted from the use of CD outputs.
CD outputs	Immediate results produced by CD interventions or processes. CD products/services provided, knowledge gained by recipients/learners.
CD recipients	People (or participants) who receive CD support.
CD process	Steps for assessing, planning, developing, delivering, monitoring and evaluation of CD. It is seen as a repeated cycle that leads to sustainability.
CD program	A set (series) of structured CD interventions with a clear goal and objectives designed to address specific CD needs.
CD providers / deliverers	People who provide CD support to recipients (individuals, organizations, or the enabling environment.
CD strategy	It refers to the whole of the CD process (see above) and the suitable structure/mechanism and interventions / approaches how the CD will be delivered to the recipients.
Demand-driven CD	CD needs or support that are identified and initiated (or even organized) by the CD recipients themselves.
Development results	Refer to the substantive development outcomes that represent improvements to people's welfare such as better health, education and ultimately their livelihood.
Enabling environment (framework)	The rules of game. Legal instruments, guidelines and the social/cultural norms that govern individual and organizational (collective) behaviors within a cultural context.
Individual capacity development	Development of individual knowledge, skills, attitudes and experience to perform a specific job.
Institutional environment	The same meaning as "enabling framework"

Term	Definition
Milestone	A *milestone* is a scheduled event signifying the completion of a major deliverable or a set of related deliverables (outputs).
Organizational development (OD) manual	A guidebook to support OD facilitators or consultant to assess OD needs, plan, design, and implement OD interventions, and monitoring and evaluate organizational learning outcomes.
Organization	A group of people working together to achieve a common purpose. SNA is a public organization (legal entity).
Organizational capacity development	Development of organizational capacity to function as an effective organization. This refers to planned organization-wide interventions that are aimed to increase organizational performance in light of objectives/outcomes.
Organizational capacity	Organizational capacity refers to all necessary systems, leadership and resources that enable an organization function and perform effectively and efficiently.
Participatory learning	A learner-centered approach to CD, in which participants/recipients of CD are actively involved in the learning process and become more responsible for their own learning outcomes.
Performance	Refers to the ability to function and deliver on outcomes. It is about execution and implementation or the application and use of capacity.
Supplier-driven CD	CD support that is initiated by CD providers.
Functional assignment	Process to transfer functions (public service delivery) from higher levels of government to lower levels through either delegation or devolution.

Annex 4.1
Definitions of Holistic Capacity Development Approaches

Three Main CD Approaches:

Features	1. Training	2. Facilitation	3. Coaching
Aim	Enhanced knowledge, competencies, skills	Consensus, shared meaning, agreement, decision-making among people	Performance improvements (professional/personal)
Method	Leading pre-designed and pre- scheduled learning events ("courses") conducted by one or more capacity development providers. Use of auxiliary materials helps in the learning process (audio visual, handouts, presentations, etc.). Participatory methods enhance learning.	Facilitating dialogue/analysis with groups, teams or within an organisation through common discussion of topics with facilitate or guiding the discussion/meeting.	Support thinking and learning processes with individuals (or groups), through dynamic, exploratory and constant interactions between the two (or more) partners
Responsibilities	Trainer in charge of content and process, trainee in charge of learning; using participatory methods in all training events	Facilitator in charge of process, participants in charge of inputs and outcome	Coach in charge of process, coachee in charge of issues and decisions

Training: Training is a well established learning approach for capacity development, in which the trainer, in consultation with clients, determines the objective and content to ensure that participants achieve their best learning goals. The learning session would begin with pre-defined goals and objectives along with expected outcomes (e.g. "by the end of this training you will know how to manage the budget of a SNA in conformity to the Law on Sub-national Finance and Property Management and its supporting regulations). The main purpose of training is to help participants to build knowledge/understanding and skills for a certain subject area. As part of the training process, trainers are expected to give inputs (utilizing visual aids such as handouts, slide presentations, etc.) and use participatory training methods in order to stimulate learning. Training is very much effective when the trainers have practical experience in the subject matter (e.g. know how to prepare a budget format in line with national laws). It cannot be stressed enough that training (as with all learning activities) is more effective when conducted in a participatory manner, involving the participants through interaction beyond simple listening or reading. However, it should be noted that training alone might not lead participants to change behavior because the main obstacles for change are often not caused by gaps of knowledge but also the organizational context. Examples of use of training for learning:

Training Events	Expected Outputs
Training on strategic planning	Knowledge and understanding of concept, and process of strategic planning
Training on an organization's vision, mission, structures and procedures	Knowledge on vision, mission, structures and procedures of an organization
Training on problem solving; practicing problem solving exercises/cases	Knowledge on problem, tools, and process for solving challenging issues; skills for problem solving

Facilitation: Facilitation is a learning approach, in which a facilitator supports and guides participants to go through _thinking process(es)_ in order to produce certain desired outputs. Facilitation is a learning process, in which the facilitator stimulates participants' discussion and thinking, rather than providing inputs as is the case of training. Facilitation aims at producing outputs through group discussion, reflection, analysis as well as building consensus amongst participants around a specific topic. Examples of the use of facilitation:

Training Events	Expected Outputs
Facilitation on strategic planning process	The strategic plan
Facilitation on the development of a vision, mission for an SNA.	Agreed upon statements of vision and mission
Facilitation on challenge facing an organization through a workshop	Agreed solutions
Facilitation of reflection process	Outline of agreed actions for improvement of aspect of work or organization.

Coaching: Coaching is an alternative learning process that helps people to build awareness, clarify/analyze issues and unlock a persons learning potential. Coaching is considered a dialogue process where a person who wants to improve his/her performance and achieve professional or personal goals (the coachee) engages the assistance of a person who can support his/her thinking and learning processes (the coach).

A coach is a person who is specially skilled in assisting the coachee to set clear goals for a change of behaviour that will lead to improved performance, to become better aware of his/herself and personal situation, to identify ways to learn and improve, and to plan his/her next learning steps. It is not essential but certainly an advantage if the coach is knowledgeable in the working area of the coachee and can also provide technical advice during the coaching process.
A good coach is not a person who always provides answers, but a person who is good at applying the coaching processes, including listening to people's ideas and emotions, asking good questions, encouraging and motivating people's feelings and thinking, and assisting people in exploring and analyzing alternative options or solutions.

Coaching covers a range of activities (depending on the level, experience, and needs of the coachee) as a continuum such as giving inputs and share experience, giving advices and comments, or asking good and helpful questions to reflect and build awareness etc. Specific activities that aim at improving personal and professional development such as on-job training, supervised learning exercise, assignment, tasks delegation etc. can be considered as coaching.

Based on this context, mentoring is included.

TELLING
(Directive)

Non-TELLING
(Non-Directive)
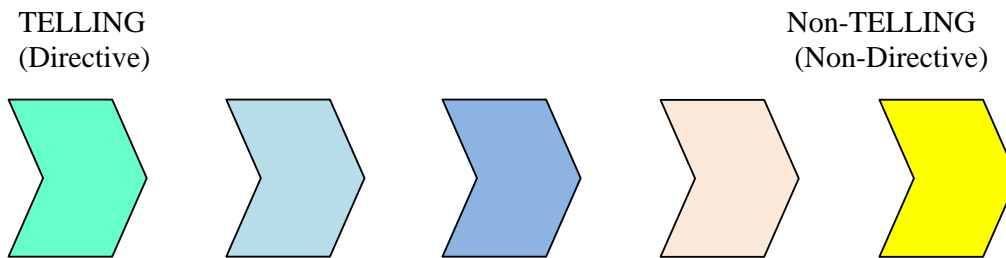
*Giving guidance/direction***:**
(Fill the gaps)
The Coach gives direction,
shares knowledge related to
specific skills or performance
to deepen the Coachee's
understanding of it.

*Giving advice/comments***:** The
Coach provides certain advice,
comments, options including
sharing experience on a certain
issue/ performance, but the
Coachee makes the choice to
accept and implement.

*Unlocking Coachee's potential***:**
Coach helps the Coachee to
reflect and be more aware of
issues/challenges, and motivates
the Director to overcome them
by themselves.

Other Capacity Development Approaches:

Plenary workshops (e.g. inter-SNA level): aiming at supporting specific groups (for example,
districts/municipalities finance officers) to learn and share best practice regarding common
subjects with common interests. Key persons from each SNA will be selected to join with other
SNAs by location. Forms of plenary sessions can be:

- Tailor made district governor's workshops
- Tailor made council chairperson's workshops
- District administration director's workshops
- Technical workshops (e.g. financial management workshop, planning workshop,
  administration workshop etc.) on organizational development for officials from
  different districts or municipalities.

Exposures to Best Practice: This approach aims at supporting a specific group/person of a
D/M/K Administration to learn good best practice found in other districts or municipalities or
even include exposure to other organizational development best practices found in other
countries.

Reflection: This approach aims at supporting D/M Administrations with a reflection tool that
can improve practices over time. The Action-Learning Cycle (experiential learning) should be
grounded as the reflection tool for continuous improvement of effectiveness of D/M/K
Administrations.

Consulting: Consulting is a CD approach, often happens in forms of an assessment, evaluation
or a research activity using participatory process. Critical analysis will be made and useful
recommendations on how to improve things will be provided through consulting activities.

Knowledge Management: The purpose of knowledge management is to make information,
knowledge and experiences within a D/M/ Administration accessible to all relevant internal
stakeholders such as staff, leaders, and councilors in order to facilitate effective learning from all
possible knowledge documented in the administration and personal knowledge of SNA staff.
The terms "Knowledge" using here refers to both explicit knowledge (from documents) and

implicit knowledge (from people/staff), and cover knowledge in terms subject content, tools/ methods, and practical experiences.

Degree Studies: Degree study is a CD approach aiming at developing and enhancing conceptual knowledge and skills of staff/leaders of D/M/K administrations in a certain field. Through the degree study, a range of other skills such as reading, researching, and analytical skills might also developed. It is necessary, especially for leaders of SNAs to take a degree course to broaden their knowledge base and increase conceptual ability and credibility.

 Action-Learning: This CD approach is the process of consciously learning from one's own experience and that of others in order to improve future practice. Action-Learning Cycle (ALC), which has four elements, i.e. Action, Reflection, Learning and Planning, is a structured reflection tool used to draw learning from actions (experiences) that will be integrated into an improvement plan to be acted on to reflect changes based on actual experience in the action or activity.

Annex 4.2
Individual and Organizational CD Assessment Forms
Sample form: Individual Learning Needs Assessment

1: I am very confident   2: I know some and can use it   3: I need improvement   4: I don't know

1.   Basic competencies

Nr.	Areas of competency	1	2	3	4	Comments
1	Time and workload management					
2	Computer skills					
3	Typing skills					
4	English language skills					
5	Communication skills					
6	Ability to interpret/apply relevant national laws and regulations					
7	Learning skills					

2.   Management/Leadership competencies (applied for management post only)

Nr.	Areas of competency	1	2	3	4	Comments
1	Leadership skills					
2	Planning skills					
3	Staff management					
4	Monitoring & evaluation					
5	Problem solving					
6	Decision-making					

3.   Technical competencies (job related skills) – depending on JD
Example: *Accountant*

Nr.	Areas of competency	1	2	3	4	Comments
1	Prepare budgets					
2	Record financial transactions					
3	Prepare financial reports					
4	Prepare and reconcile advances					
5	Process of cash count every month					
6	Transfer funds to project sites					
7	Updates cash and banks books and control balance regularly					

4.   Attitudes – Will be vary from one position to another (depending on the nature of the job)
Example: *Accountant*

Nr.	Areas of competency	1	2	3	4	Comments
1	Carefulness					
2	Thoroughness, attend to details					
3	Team work					
4	Commitment					
5	Continuous improvement					

Summary of learning needs   : All 3 and 4
Prioritized learning needs   : Start with urgent needs that will have impact on the next one.

Sample: Organizational Assessment Form

Please provide your opinions for assessing your organization capacity by rating the level of your agreement

0 = disagree   Little agree   strongly agree
                 1   2   3   4 5 6   7 8 9   10
$\longrightarrow$

Please read the below statement carefully. Report will be prepared without referring to the name of any person who provided the information.

1. Organizational direction and plan

	Level of agreement											Comments
1.1. Org. has clear vision, mission, goal which is understood by most staff/leaders	0	1	2	3	4	5	6	7	8	9	10	
1.2. Project and division goals are developed and they align with the organizational goal	0	1	2	3	4	5	6	7	8	9	10	
1.3. Org. values are explored, developed and adhered by most staff	0	1	2	3	4	5	6	7	8	9	10	
1.4. Org. strategic plan is developed with clear situation analysis and strategic responses	0	1	2	3	4	5	6	7	8	9	10	
1.5. Operational plan is in place, correspond to the strategic plan	0	1	2	3	4	5	6	7	8	9	10	

2. Program/services management

	Level of agreement											Comments
2.1. Org. consults with local citizen during project/service planning	0	1	2	3	4	5	6	7	8	9	10	
2.2. Project/service design has clear goal, objectives, activities and measurement	0	1	2	3	4	5	6	7	8	9	10	
2.3. Org. has a monitoring and evaluation framework in place and is being used	0	1	2	3	4	5	6	7	8	9	10	
2.4. Or. staff/leaders understand well about different level of indicators for M+E	0	1	2	3	4	5	6	7	8	9	10	
2.5. Org. conducts regular M+E, both services and OD activities	0	1	2	3	4	5	6	7	8	9	10	
2.6. Gender is considered in all aspects of organizational activities.	0	1	2	3	4	5	6	7	8	9	10	
2.7. Org. reporting system is developed and being followed	0	1	2	3	4	5	6	7	8	9	10	

	Level of agreement											Comments
2.8. Org. writes good quality reports to stakeholders and submits them on time	0	1	2	3	4	5	6	7	8	9	10	
2.9. Reports and other documents are proper kept, filed and accessible for stakeholders	0	1	2	3	4	5	6	7	8	9	10	

3. Leadership and management

	Level of agreement											Comments
3.1. Leaders are visionary, able to get staff to work towards the same goal, and to manage change	0	1	2	3	4	5	6	7	8	9	10	
3.2. Leaders gain trusts, commitment, respects and appreciation from most staff	0	1	2	3	4	5	6	7	8	9	10	
3.3. Leaders are capable and skilful in implementing their leadership roles	0	1	2	3	4	5	6	7	8	9	10	
3.4. Leaders delegate tasks and coach staff to increase their responsibilities and development	0	1	2	3	4	5	6	7	8	9	10	
3.5. Decision-making process is participatory, effective and reflects democracy principle	0	1	2	3	4	5	6	7	8	9	10	
3.6. All staff are well informed about the decisions including the rational, plus other related information	0	1	2	3	4	5	6	7	8	9	10	
3.7. Problem solving in then organization addressing the real root causes and is effective	0	1	2	3	4	5	6	7	8	9	10	
3.8. Org. has good internal relationship and communication (within the office, inter-offices and with other structures (councils, BoG))	0	1	2	3	4	5	6	7	8	9	10	
3.9. Org. staff/leaders have high team spirit and willing to cooperate with each others	0	1	2	3	4	5	6	7	8	9	10	
3.10. Org. meeting was conducted regularly and effectively	0	1	2	3	4	5	6	7	8	9	10	
3.11. Org. has conduct regular reflection to draw lessons learned, and improve its practice	0	1	2	3	4	5	6	7	8	9	10	

4. Internal structure, systems and policies

	Level of agreement											Comments
4.1. Organizational current structure is clear, effective and understood well by most people	0	1	2	3	4	5	6	7	8	9	10	
4.2. Each body (council, committees, BoG, offices) has clear roles and mandate, and they are well understood by all other bodies in the organization	0	1	2	3	4	5	6	7	8	9	10	
4.3. Each structure is clear about their line of authorities and accountabilities	0	1	2	3	4	5	6	7	8	9	10	
4.4. Workload of all offices and structure is balanced with the current level of staffing	0	1	2	3	4	5	6	7	8	9	10	
4.5. Management Team is formed and function well to take lead organizational affairs	0	1	2	3	4	5	6	7	8	9	10	
4.6. Every staff has a job description, which is clear, precise and updated	0	1	2	3	4	5	6	7	8	9	10	
4.7. Necessary organizational systems (M+E, appraisal scheme, reporting system etc.) are developed and being used	0	1	2	3	4	5	6	7	8	9	10	
4.8. Organization has clear policies and procedures that are being followed	0	1	2	3	4	5	6	7	8	9	10	

5. HR Management & Development

	Level of agreement											Comments
5.1. Staff recruitment is fair, transparent, and follows the defined rules and process	0	1	2	3	4	5	6	7	8	9	10	
5.2. Current number of staff is balanced with the amount of the current workload	0	1	2	3	4	5	6	7	8	9	10	
5.3. Leaders know and practice staff supervision in a professional manner (work allocation, delegation, coaching, monitoring, motivation, disciplinary etc.)	0	1	2	3	4	5	6	7	8	9	10	
5.4. Most staff feel encouraged and motivated to work in the organization	0	1	2	3	4	5	6	7	8	9	10	

	Level of agreement	Comments
5.5. Incentive systems are in place and being used gain staff motivation and commitment	0 1 2 3 4 5 6 7 8 9 10	
5.6. There are policy and framework (e.g. career ladder) for staff career development	0 1 2 3 4 5 6 7 8 9 10	
5.7. Staff/leaders have sufficient capacity to carry out their roles and responsibilities	0 1 2 3 4 5 6 7 8 9 10	
5.8. Necessary staff development strategies are explored, developed, and being used	0 1 2 3 4 5 6 7 8 9 10	
5.9. Annual staff development plan was developed and used	0 1 2 3 4 5 6 7 8 9 10	

6. External relationships and resource mobilization

	Level of agreement	Comments
6.1. Org. has build strong partnership with NGOs/ CSOs and private sector in the area	0 1 2 3 4 5 6 7 8 9 10	
6.2. Org. maintains good and supportive relationships with all relevant local actors	0 1 2 3 4 5 6 7 8 9 10	
6.3. Org. developed a range of communication tools (booklet, website, media kits etc.)	0 1 2 3 4 5 6 7 8 9 10	
6.4. Org. has sufficient resources (office, equipments, materials, financial) to operate	0 1 2 3 4 5 6 7 8 9 10	
6.5. Organization can develop professional funding proposals	0 1 2 3 4 5 6 7 8 9 10	
6.6. Org. is able to seek and contact donor agencies for funding support	0 1 2 3 4 5 6 7 8 9 10	
6.7. Org. is able to mobilize all possible resources (financial, technical, materials) from all levels	0 1 2 3 4 5 6 7 8 9 10	

7. Financial management
Will be designed under guideline from MEF.

Annex 4.3
Sample Training Session Plan

Subject: Effective Decision-making

Objectives   :

By the end of training, participants will have:
- Understanding of decision-making and its importance
- Clarified steps in decision-making
- Understanding of participatory decision-making process

Times   **:** 1 day
Participants **:** All staff in the District Administration
Facilitators **:** 2 Facilitators
Materials   **:** Markers, Flipcharts, Color Cards, Tapes

Activity/Step :

Starting Time	Subject/Session	Activity/Step	Materials
8:00	Opening and introduction	• Opening • Clarify expectations • Present objectives	Prepared flipchart
8:30	Introduction to decision-making	a). Experience drawing *Personal decisions (at home):* • What types of personal decision you need to make? • Do you make them alone or with someone? • Who are final decision-makers? *Decisions in your administration (discuss in pairs):* • What types of decisions need to be made? [write on **cards**] • Who makes a particular decision? b). Success/challenge in decision-making • What was easy in decision making? • What was challenge in decision making? c). Definition and importance • ***So, what is decision-making?*** • Why people need to make decisions? • Who (position) needs to make many decisions? d). F. shares definition and important of decision-making, plus examples.	White board Flipcharts Color cards
9:30	Break		
10:00	Steps of decision-making (overview)	a). Plenary brainstorm: • How did you make decision at home? • How decisions in your administration are made? b). F. presents overview of steps in decision-making using a prepared flipchart. Hangs it on the wall to be seen for the whole session. Reminds participants that effective decision-making need to follow these steps.	Prepared flipchart

Starting Time	Subject/Session	Activity/Step	Materials
10:45	Step 1 – 6	a). F. takes the **list** (cards) of decisions that need to be made in the organization mentioned by the participants, and uses them to guide understanding of each step. b). For each step: • F. explains the meaning of the step • Let the participants do the exercise (from the list) • F. provides feedback and comments to exercise • Questions and clarification from participants	Flipcharts
11:30	Lunch break		
2:00	Step 1 – 6	Continue exercises	
3:30	Break		
3:45	Participatory DM process	a). What does participatory mean? Let's participants have a thought! b). Present ladder of participatory decision-making	Prepared flipchart
4:15	Wrap up, evaluation, and closing	• F. Wrap up the session • Evaluation • Closing by representative of the administration	Evaluation sheet

Sample of Facilitation Session Plan/Process

Subject: Decision-making

Objective   :

> *By the end of the session, participants will have made a decision regarding a particular issue in their work place.*

Time   : 1 day

Remark   :

- More than one issue and decisions can be discussed and made (facilitator can assign participants to work in groups if more decisions need to be made).
- Participants can be just a small group (from an office or department) rather than the whole administration.

Process   :

1). Decide on area that decision need to be made
    What subject you need to make decision? What would you like to make decision about?

2). Goal / objectives
    What do we want? Please describe your expectations

3). Identify gaps
    What differences between current situation and desired future we want?

4). Obstacles
    What block us from moving there? [Discuss to identify all obstacles]

5). Identify options
    What possible options do we have? Please consider all alternatives!
    [Discuss, and list all possible options]

6). Evaluation of options
    What criteria are appropriate to evaluate options? [Discuss and agree on them]

7). Evaluation
    Work together; use the agreed criteria to evaluate options

8). Make choice
    Which option is the best one?

9). Implementation
    How will the decision be implemented?
    How will you communicated that decision?

    PS: For some issues, participants might not be able to make decision in the session yet. They will make proposal for their supervisor to consider.

Sample of a Coaching Plan/Process

Subject: Leadership

Objectives   :
- To support participants to clarify leadership issues and challenges and identify possible ways to overcome them.
- To further develop leadership skills and confidence over time

Time   : ½ day each session (there will be many sessions required)
Participants : Group or individual (group coaching to be completed by individual coaching)

Process   :

1). Clarify leadership Issues
- Which issue related to leadership you want to discus now?
- Please describe the issues! How do you feel about it?

2). Clarify Objectives
- If this issue gets resolved, which situation you want to see?

3). Identify Obstacles
- What makes you stuck?
- What blocks? [yourself, others, circumstances]

4). Identify & analyze Options
- What options/possibilities you have?
- Amongst these options, which one is best for you? And why do you think it works for you?

5). Decide on Actions
- What are you going to do? When? How?
- What kind of support you need?

6). Reflect on the discussion
- How do you feel about our discussion?
- What do you think could be better next time?

Note:
- It will be necessary (depending on participants' experience) that the coach needs to provide some inputs (practical short handouts, text, examples, forms, exercises etc.) and provides comments and advices to participants as appropriate.
- The coach will use "active listening" during each coaching session, paraphrase as much as possible to confirm the right understanding of what the participant said.
- Agree on next session before ending the first session.
- After each coaching session, a small (confidential) record needs to be produced and sent to the participant.

Annex 4.4
Evaluation of Post CD Delivery

A).   Basic Evaluation of a Training Event

Name of Course: _____

1. Please rate your level of knowledge and understanding toward the whole training subject before and after the training? [1 is the lowest, 10 is the highest]

	1	2	3	4	5	6	7	8	9	10
Before the training										
After the training										

In some cases, facilitator can list a number of sub-topics of the course and asks participants to evaluate.

2. Please indicate your level of agreement to the following statement (tick ✓)

	Disagree	Partly agree	Agree	Totally agree
• The subject is very relevant and useful to my work				
• Facilitator is skillful and provided good facilitation				
• The training was well participated with friendly learning environment				
• Organization (place, food, logistic) was appropriate				

3. Please indicate your general feeling to the whole course (circle one picture)

☺ Happy   ☺ Normal   ☹ Unhappy

Reasons:

_____

4. Any other comment/suggestion?

....

....

....

....

....

....

....

B).   Basic Evaluation of a Facilitation/Workshop

Name of the workshop: _____

1. What has been the most valuable part of the workshop?

2. What has been least valuable of the workshop?

3. Is there any important issue you wanted to discuss, but was not discussed during the workshop?

4. What went well about the workshop?

5. If you suppose to organize such workshop:

    a. What would you keep?

    b. What would you change?

6. Any other comments / suggestions

    ....
    ....
    ....
    ....
    ....
    ....
    ....
    ....

Appendix 5

A RESULT FRAMEWORK
AND M&E STRATEGY FOR THE IP3

Executive Summary

This IP3 results framework and M&E strategy describes what the IP3 expects to achieve and how achievement will be measured and assessed. It describes results, indicators, and data collection processes. The program logic (see Appendix 5 Figure 1) identifies five main types of results: (i) citizen level results, which include improvements in welfare, (ii) SNA service delivery results, (iii) improved local governance, (iv) improved internal operations of SNAs, and (v) program implementation results, which describe the capacities delivered to SNAs and central Ministries. The high level indicators used to measure these results are summarized in Appendix 5 Table 1.

Appendix 5 Figure 1: Program Logic

Appendix 5 Table 1: Abridged Results Framework

Program Narrative	Sub-Results	Indicators and data sources (in brackets)
Goal (Impact): To improve the welfare and quality of life of the local residents of SNAs; to locally empower citizens through the political process to ensure equality, fairness and the protection of basic rights.	Improved citizen welfare and well-being	1. CDB-CMDG1 Poverty Score [1] 2. CDB-CMDG3 Gender equality and women's empowerment Score [1] 3. CDB-CMDG2 Education Score [1] 4. CDB-CMDG4-6 Health Score [1] 5. CDB-CMDG7 Environmental Sustainability Score [1] 6. Average Economic Internal Rate of Return (EIFF) of sampled SNA investments [2] 7. Average EIRR for investments delivered through government systems as a % of the IRR delivered through other mechanisms [2]
Purpose (Outcome): "To improve the operations, governance, and service delivery of SNAs, to ensure they meet their democratic development mandate."	Quality SNA services	8. % of citizens satisfied with SNA service delivery [3] 9. % of pilot obligatory functions delivered by SNAs which were done so at least as efficiently as the control group (i.e. Line Ministry delivery)[4]
	Good local Governance	10. Overall Local Governance Index [5] 11. SNA Civic Engagement/Participation Index [5] 12. SNA Local Transparency Index [5] 13. SNA Local Accountability Index [5] 14. SNA Local Policy Alignment Index [5] 15. SNA Efficiency Index [5] 16. SNA Minority Rights Protection Index [5] 17. Ratio: % of investment funds allocated to poor villages / the % of villages which are poor [6]
	Efficient SNA internal operations	18. Financial Management Compliance Score [7] 19. Administration and HR Compliance Score [7] 20. Number of civil servants disciplined based on compliance inspection routines [7] 21. % of DMs whose financial statements were categorized as

Program Narrative	Sub-Results	Indicators and data sources (in brackets)
		"without reservation" by NAA [8] 22. SNA management standards score [9] 23. % of SNA staff meeting competency standards [10]
Program implemented to enhance SNA capacity and autonomy	Program deliverables realized	Various, these are described in Chapter 5 and are derived from internal administrative data

Note: Data sources are: [1] the CDB-CMDG indicator database of the MOP, [2] a cost benefit analysis of typical investment projects, [3] a meta-analysis of service delivery surveys and citizens' report cards, [4] results of the pilot functional reassignment, [5] a Governance perception survey, [6] the CDB, [7] compliance inspections, [8] National Audit Authority results, [9] management standards assessments, [10] competency assessments

Getting M&E to work better

This strategy describes how indicators will be generated as by-products of important supervisory and quality assurance processes. These processes include compliance inspection, assessment of management standards, allocation of funds though formulas that are indicator and performance based, and the testing of pilots. Studies such as Governance Perception Surveys and the measurement of Rates of Return to investments made through decentralized funding are also identified. The practice of M&E, during the PSDD, registered significant accomplishments, yet there is room to improve performance, to make to M&E a more effective management tool. Doing so will require fundamental changes in the way the program operates, including:

1. **A strong program based approach is needed to ensure M&E efforts are not fragmented**. Evaluations and studies need to be clearly led by Government, with M&E TA following the approach outlined in Appendix 5 Figure 2.

2. In the past there was an over-emphasis on econometric analysis and detailed surveys and questionnaires. The resources spent was not always commensurate with their contribution to the aims of M&E, which is to promote learning, inform decision making, and assure quality. This strategy describes how reviews will be integrated into quantitative analysis with the aim of not only documenting trends but identifying possible causes and directions forward for improved future performance. **More resources, time, and effort will to be channeled to discussing and communicating results, options, and recommendations in a forum of policy dialogue**.

3. The IP3 M&E Units will not be able to undertake all M&E initiatives by themselves. That is not their job. Instead IP3-M&E units need to encourage others to undertake and promote M&E practice which is compatible with the IP3. The M&E approach will be **facilitative, decentralized, and reliant upon an open exchange of information**. This needs to include legal requirements for SNAs to provide performance information to the public, in an accessible way, so that citizens and civil society organizations can monitor the **accuracy** of all self-reported results.

4. In order to learn from pilots, **"experiments" will have to be carefully designed** by collecting information before and after the pilot in both control groups (non-pilot areas) and treatment groups (pilot areas).

5. **Getting planning, financial management, and monitoring systems in place will be essential to track implementation**. For IP3 sub-programs this should started **immediately** with the procurement of an MIS/monitoring system. For SNAs a more holistic approach is required, one having a long term vision for what kind of systems will be used across government. This is described in section 0.

6. Key supervisory and quality assurance processes require development; these need **regulations, guidelines and manuals be completed as soon as possible**. From an M&E perspective it will be very difficult to monitor and evaluate SNA performance without really knowing what SNAs are expected to do.

Appendix 5 Figure 2: Elements of a program approach
[7.]

> Elements of a program approach include: Technical Assistance (TA) is recruited, hired, appraised, contracted to and paid by the RGC; TA aims to become redundant by building capacity, often in a learning-by-doing environment; TA is assessed according to the performance of counterparts (i.e. their capacity) and the systems introduced (i.e. its sustainability); Development Partners coordinate their actions to "buy into" a plan prepared by, promoted by, and owned by the RGC which has unified implementation and reporting processes; government systems are used; where systems are weak they are strengthened; clear mechanisms for policy debate, agreement on directions forward and reviews of implementation are implemented.

1. INTRODUCTION

1.1. Introduction

This IP3 results framework and M&E strategy describes what the IP3 expects to achieve and how achievement will be measured and assessed. It describes results, indicators, and processes used to collect data. Because key elements are contained within the main IP3 document, this report provides addition information M&E practitioners may need to ensure M&E works effectively. To develop this document, a mixed or eclectic approach was taken and both the supply of, and demand for, information was considered. Four main methods were employed:

- Based on the IP3 a **results chain** was developed. As an exercise in logic, this established point of view and defined 5 broad types of results. The results chain is described in Section 1.2.
- **M&E principles** were derived. These establish a broad direction forward in terms of expected M&E practice. Where possible, these principles were used to narrow down long lists of potential indicators. M&E principles are explained in Section 1.3.
- **A quality assurance strategy**, based upon the policy development process and IP3 activities, was designed. This identifies seven broad processes to ensure IP3 value for money. It is outlined in Section 1.4.
- **The supply of existing information was reviewed,** including the PSDD log-frame, past studies and surveys, and computerized data sets such as the CDB.

Appendix 5 Figure 3: Approach

1.2.   The IP3 results chain

Results chains summarize causal logic. They are hypotheses of the form "if we do A then B will occur; if B occurs then C will occur" (abbreviated A→B→C).[25]Once established, each level of the result chain (the A's, B's, and C's) was disaggregated into a series of results statements and a strategy around their measurement was derived. The results chain aims to provide a short-hand description of what the IP3 is about.

Point of view is a technique for establishing accountability. A results framework is always from a particular point of view, since the terms "outputs," "outcomes," (etc.) are relative.[26] In theIP3 results are defined from the point of view of program managers/implementers, in particular: NCDD, MOI, MEF, SSCS, MOP, and the C/S-D/M League (Association).

The main clients of the IP3 (who receive outputs and are expected to change or benefit from them) are D/Ms, and to a lesser degree C/Ss and Provinces. Citizens, community organizations (etc.) are more indirect beneficiaries and are better considered to be the clients of the program's clients.[27]

The IP3 is characterized by an "interlocking" results chain (Appendix 5 Figure 4, top panel), where the Program's outputs are received by SNAs and used by SNAs as inputs (or capacity).[28]As such **program outputs** (as opposed to SNA outputs) can be interpreted in several ways:

- Program outputs are the components and deliverables implemented by each of the 6 sub-programs

- Program outputs are the capacity delivered to SNAs: this capacity includes staff, financial resources, structures, training, systems or processes, and institutional arrangements (broadly, incentives).

- Program outputs are the means by which sub-national administrations will become more autonomous. Autonomy includes political autonomy (i.e. democratic elections), fiscal autonomy, decision-making autonomy, and administrative and HR autonomy. In return for power, SNAs are accountable to abide by a Central Government regulatory framework (i.e. autonomy is conditional).

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[25] "A" is said to cause B when all other factors that might cause B are held constant; these other factors are the program's assumptions, presumed to be outside the program's control.

[26] Definitions: outputs are deliverables, the products or services an organization can be held accountable for. Accountability is for quantity, quality, and timeliness (QQT), but also relevance (i.e. design). Outcomes are not part of the accountability because implementers cannot fully control them. Instead, organizations are responsible for learning what works and what doesn't (for outcomes) and for adjusting outputs accordingly.

[27] This separates outcomes (changes in the client) from impact (changes in the client's client).

[28] Technically inputs are consumed during the production process. Capacity is more like the assets of an organization. These assets may or may not be deployed.

Appendix 5 Figure 4: Point of View and main results

The bottom panel of Appendix 5 Figure 4 shows how sub-program deliverables, capacity, and autonomy are used by SNAs to provide "services" to citizens. These services include social and economic services, the development of a local policy or regulatory environments (typically local economic development incentives, tax systems, and natural resource management frameworks) and the provision of infrastructure development. SNAs use processes to convert their inputs or capacity into their outputs. These processes can be internal ("operations") or external ("local governance," or more broadly how the SNA relates to citizens, communities, and other levels of government). The interlocking results chain tells the following story:

> *The IP3 implements the Organic Law. The law devolves power (within a regulatory environment) from central government to sub-national administrations and builds the capacity of SNAs to productively use this autonomy. The program believes building SNA capacity will lead to SNAs operating efficiently and promoting good local governance. The provision of resources and capacity, efficiency, and governance arrangements will contribute to the delivery of high quality services which will improve the well-being of Cambodian citizens*

1.2.1. Democratic Development, Organic Law and the Program Narrative

The boxes and dividing lines depicted above are intended to identify different types of results in a causal model, rather than constitute some type of strict boundary. Different stakeholders may classify the 5 results (implementation results, SNA internal operations, Local Governance, SNA outputs/service delivery, and citizen results) differently but from an M&E perspective the purpose of the exercise was to define what needs to be measured and what the general causal logic was.[29]The above results chain was used to clarify the program's goals (impact) and purpose (outcomes). These are consistent with the concept of "democratic development" as found in the Organic Law. This mapping is documented below.

Appendix 5 Table 2: Democratic Development

Program Narrative	Sub-Results	Elements of Democratic Development
Goal (Impact): To improve the welfare and quality of life of the local residents of SNAs; to locally empower citizens through the political process to ensure equality, fairness and the protection of basic rights.	Improved citizen welfare and well-being	• Promotion of equity • Promotion of quality of life of the local residents
Purpose (Outcome): "To improve the operations, governance, and service delivery of SNAs, to ensure they meet their democratic development mandate."	Quality SNA services	
	Good local Governance	• Public Representation • Consultation and participation,
	Efficient SNA internal operations	• Responsiveness and accountability • Transparency and integrity • Measures to fight corruption and abuse of power
Program implemented to enhance SNA capacity and autonomy	Program deliverables realized	• Local Autonomy

1.3. M&E Principles

This M&E strategy describes three related M&E processes: (i) "policy evaluation," which assesses program outcomes and impact, (ii) monitoring of program implementation, including the monitoring of SNA activities financed through decentralized funding arrangements, and (iii) support to monitoring and evaluation by SNAs (i.e. SNA M&E). These three types of M&E are

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[29] There are 150 deliverables in the IP3 (Table 13) and outcomes can be identified inductively by tracing what is expected to take place once they have been produced. In most cases these lead to the outcomes and impact described above. "Local governance" is difficult to classify because it can be considered either an SNA level result or a citizen level result (it involves interaction between citizens and SNAs and may constitute improvements in welfare, like voice). Autonomy can be considered either a program outcome (a behavior of SNAs) or a program deliverable (i.e. something central government grants SNAs). Citizen satisfaction with services can be considered either an impact (citizen result) or a measure of the quality of service delivery.

linked through the program's results framework and are consistent with IP3 institutional arrangements, in particular:

- Policy evaluation is led by the Research, Evaluation and Document Officeunder the Policy Unit

- Program monitoring is led by the National Program Monitoring, Reporting and IT Support Office under the Program Support unit

- Development of M&E systems and processes for SNAs is under sub-program 1 and 6

In undertaking M&E several principles will be adhered to:

1. Though M&E is about **quality assurance** it is also about **learning** and about enabling policy makers to make informed, evidence-based decisions. To facilitate learning the IP3 will hold quarterly policy forums to discuss M&E results.

2. M&E is a **basic management tool** that should be practiced by all implementers, both at sub-program level and at SNA level. Without building this capacity, and integrating M&E into routine practices, M&E will not be effective.

3. Where possible indicators should be **generated** as by-products of processes which have value or merit in and of itself; for example indicators can be derived from the independent audit of SNA's financial statements, whose purpose is financial control, not M&E. M&E will be integrated into many key activities, especially the evaluation of whether pilot activities have been effective.

4. The IP3 commits to the **free exchange of information**. This will not only reduce costs (eliminate duplication), but will allow third-parties to validate data accuracy and to debate policy conclusions. The approach will be to decentralize M&E.

5. The **focus will be on implementation monitoring**. It is essential to know what outputs were produced and how much it cost to produce them. Getting good management systems in place to collect this information is often a major challenge. In Logframes, all outputs are assumed to be "necessary and sufficient" to produce higher level results; if deliverables are not being produced, there is technically no reason to measure higher level results. To reflect accountability relationships and to meet the needs of different users, M&E will be divided into two main parts, a higher level impact-outcome results framework (for policy makers) and a lower level implementation results framework(for sub-program managers: see Appendix 5 Figure 5). Implementation results are more "actionable" and more susceptible to using "traffic lights" (green, yellow, red).

6. The indicators selected are, where possible, **disaggregated** by Province, DM or CS. Without doing this, indicators cannot be used to assess SNA performance.[30] Disaggregation will lead to the preparation of an SNA "league table" with indexes created for each level of the results chain.

7. M&E is more about processes and practice than about computerization. Though computerization assists in the management of information, M&E can still be practiced with or without computers. "No computers" is not a valid excuse for "no M&E." For M&E, and for M&E computerization to work, practices need to **start simple** and become embedded and expanded over time.

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[30] They could still be used to assess program performance though.

Appendix 5 Figure 5: Split Results Frameworks

Like anything else the practice of M&E has costs and benefits. The benefits are the use of information for decision making, learning, and quality assurance. On the cost side there are obvious limits and in many cases it may not be worth it to collect some indicators. This is why the indicators selected have been drawn from processes having merit in their own right. In deciding amongst indicators, studies and surveys will be minimized and in selecting indicators the **feasibility** of collection was an important determinant (i.e. was there evidence the indicator was collected in the past).

1.4   Quality Assurance

M&E should play an important part in encouraging quality assurance. The processes for quality assurance were derived from a policy development, implementation and evaluation cycle where:

1. Policies, laws, rules and regulations are developed. These describe **what** the policy maker expects to happen
2. These are translated into manuals, guidelines and other instruments which describe **how** the "policy" should be implemented
3. The guidelines are translated into knowledge and messages which are disseminated to those who are expected to implement the policy. This communication and **knowledge-transfer** process often involves training.
4. Guidelines and manuals are translated into measurable standards of good practice. These describe what is expected of implementers.

Appendix 5 Figure 6: Quality Assurance

The top panel of Appendix 5 Figure 6 depicts the policy development process. For now, since it is limited to the general mandate of SNAs, regulations, manuals, training, and standards describe general management practice rather than the regulatory environment for delivering obligatory functions in a decentralized environment.

The lower panel summarizes quality assurance mechanisms that will be used during the IP3 and what questions they aim to answer. The chapters they are described in are placed in brackets. Key instruments include:

1. **Compliance inspections**. These will be implemented by Ministries(MEF, MOI, etc.) and resemble the external audit process currently practiced by the National Audit Agency. They inspect whether regulations are being adhered to and are often part of formulas to allocate decentralized funding.
2. **Policy Evaluation** aims to review whether policies are effective (meeting their objectives). It aims to ask the "big questions" whether the decentralization process is working and whether it is being done correctly. It is implemented by undertaking a wide range of studies and surveys and by arranging quarterly policy forums.
3. **Implementation monitoring** tracks whether the IP3 is progressing according to plan. In many cases this will track training (who was trained by whom, on which topics, and when) or contract completion. Implementation monitoring is self-reported but some process of independent verification of the truthfulness of reporting will be undertaken.
4. **Observation of training by the centre,** checks that trainers are doing the job properly since training is "cascaded" from the developers of training materials to the Provinces. The idea is to ensure the right message gets to D/Ms and that participants have learned

5. **Competency assessment and certification**. Undertaken by third parties, this assesses skills/knowledge of individual staff, in relation to their functions, job descriptions, etc.

6. **Assessment of standards** investigates whether organizations adhere to standards and best practice. Assessment will be evidence and indicator based and will be developed based on guidelines and manuals. Standards will be designed to stretch organizations - i.e. to establish ideal practices which are possible but not easily met. The process will be part of a larger advisory routine and will lead to the design of capacity development initiatives to close gaps between current practice and standards (i.e. ideal states).

7. **Informal performance reviews** are less structured and will be part of a quarterly internal reporting process. Assessments are expected to be subjective (though still scored or graded) and to capture the views of Provincial M&E Officers, Provincial Advisors, District Management Advisors, Mentors, and Central Staff making field visits.

1.5. Layout: Remainder of this document

These 7 quality assurance processes, together with a few external surveys, will generate the main indicators at the outcome and impact level. Appendix 5 Table 3 depicts the program's outcome-impact results framework, while remaining chapters describe M&E within this quality assurance framework. The remainder of this document is laid out as follows:

- Section 2: focuses on **program implementation monitoring** and internal reporting and review mechanisms.
- Section 3: describes compliance inspections, management standards assessments, and competency assessments. These are implemented as "external" **third party inspections**, though their purposes and modes of operations differ. After introducing processes, the chapter outlines the indicators to be collected and results to be assessed.
- Section 4: describes the **policy evaluation process**, in particular how impact, service delivery, and local governance are measured. It also describes how pilot activities will be monitored and evaluated and how a process of "iterative feedback" will be integrated into systems development procedures
- Section 5: describes M&E arrangements (indicators) for each **Sub-Program** (1 to 6)
- Section 6 outlines the steps required to operationalize this document (i.e. it provides a brief **action plan** for collecting indicator baselines and targets)
- An **annex** provides supporting data and information, including some brief concept notes.

Appendix 5 Table 3: Results Framework (Impact and Outcomes)

Program Narrative	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
Goal: To improve the welfare and quality of life of the local residents of SNAs; to locally empower citizens through the political process to ensure equality, fairness and the protection of basic rights.	Poverty reduced and citizens empowered	1. CDB-CMDG1 Poverty Score	47				The MoP links indicators from the Commune Development Database (CDB) to the 9 Cambodia Millennium Development Goals (CMDGs). These are then converted to an index on a 0-100 scale. The index will be disaggregated by Province and DM. Baselines are from 2010.
		2. CDB-CMDG3 Gender equality and women's empowerment Score	60				
	IP3 contributes towards meeting other CMDGs	3. CDB-CMDG2 Education Score	51				
		4. CDB-CMDG4-6 Health Score	60.67				
		5. CDB-CMDG7 Environmental Sustainability Score	38				
	Financial resources provided to SNAs are used effectively	6. Average EIRR of sampled SNA investments	49% (08)	>= 15%	>= 15%	>= 15%	Based on a sampling of investments as undertaken in Abrams (2009). EIRRs (Economic Internal Rates of Return) will be disaggregated by type of SNA (Province, DM, or CS) and type of investment.
		7. Average EIRR for investments delivered through government systems as a % of the IRR delivered through other mechanisms	N/A	>=90%	>=90%	>=90%	
Purpose: To improve the operations, local governance, and service delivery of SNAs, to ensure they meet their democratic development mandate	SNA service delivery improves	8. % of citizens satisfied with SNA service delivery	N/A	↑	↑	↑	Undertaken as a pilot citizens' report cards. Disaggregated by service and type of SNA (Province, DM, or CS)
		9. % of pilot obligatory functions delivered by SNAs which were done so at least as efficiently as the control group (i.e. Line Ministry delivery)	N/A	>=50%	>=50%	>=50%	Derived from pilot functional re-assignments comparing service delivery between decentralized processes (SNAs) and current Line Ministry arrangements. Results will be disaggregated by type of service (function re-assigned).
	Local Governance improves	10. Overall Local Governance Index	TBC	↑	↑	↑	Based on data collected in the Annual Local Governance Survey, the baseline of which was developed by EU SPACE. Indexes will be disaggregated by type of SNA (CS or DM) and geographical areas (Province XX).
		11. SNA Civic Engagement/Participation Index	TBC	↑	↑	↑	
		12. SNA Local Transparency Index	TBC	↑	↑	↑	
		13. SNA Local Accountability Index	TBC	↑	↑	↑	
		14. SNA Local Policy Alignment Index	TBC	↑	↑	↑	
		15. SNA Efficiency Index	TBC	↑	↑	↑	
		16. SNA Minority Rights Protection Index	TBC	↑	↑	↑	
		17. Ratio: % of investment funds allocated to poor villages / the % of villages which are poor	TBC	>=1	>=1	>=1	CDB data measuring whether investments are being channeled to poor areas. Disaggregated by Province, DM
	SNAs comply with the regulatory framework	18. Financial Management Compliance Score	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. To be disaggregated by compliance domain (area) and DM.
		19. Administration and HR Compliance Score	N/A	↑	↑	↑	
		20. Number of civil servants disciplined based on compliance inspection routines	0	>=5	>=5	>=5	

Program Narrative	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
		21. % of DMs whose financial statements were categorized as "without reservation" by NAA	0				Annual data from the NAA financial audits. Targets are based on averages for central government
	SNAs use systems and capacities as intended; they are well managed	22. SNA management standards score	N/A				Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations
		23. % of SNA staff meeting competency standards	N/A				Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
IP3 implemented according to plan	Sub-Program implementation	24. Actual expenditure as a % of budget	TBC	90%	90%	90%	Data from internal monitoring systems and to be disaggregated by sub-program and component
	SNA implementation	25. % of SNA outputs completed on time	N/A	85%	85%	85%	Data from SNA performance management systems. Disaggregated by SNA

Note: ↑ = expected to rise, where the increase is statistically shown to be unlikely due to random fluctuations. TBC = To Be Collected but will be available. N/A = Not available.

2. IMPLEMENTATION MONITORING AND REPORTING

2.1. Introduction

This chapter describes processes for monitoring IP3 implementation by SNAs and by sub-program managers. Monitoring aims to answer the evaluative questions depicted in Appendix 5 Figure 7.

Appendix 5 Figure 7: Evaluative Questions

- Is the IP3 on track? Is it doing what it said it would do?
- Were all its outputs (deliverables) on budget and produced according to plan, in terms of quantity, quality and timeliness?
- Who was trained in what? When? By whom? Were participants satisfied with training? Did they learn? Was training provided as planned, of the quality expected?
- What did SNAs do with the funds transferred to them through the D/M fund, the C/S fund and the SNIF?
- Were IP3 financial and procurement procedures adhered to?

Though planning, approval and reporting processes may differ between IP3 sub-programs and SNAs, formats, information content, and instruments should be similar. Processes for organizations to monitor progress revolve around using a planning hierarchy, designing quantifiable outputs, and tracking whether (and how) outputs are being produced. Section 2.2 describes internal planning and reporting processes; Section 2.3 reviews the outputs and deliverables in the IP3 document; Section 2.4 describes internal quality assurance mechanisms; Section 2.5 describes computerization; and Section 2.6 describes SNA reporting and monitoring

2.2. Internal Reporting: Sub-Programs

IP3 monitoring will be "self-reported;" implementers will report what they did within the framework of an Annual Operational Plan and Budget (AOPB). From an M&E perspective the AOPB is a hierarchical arrangement of planning entities (objectives, outputs, etc.). Each entity in the hierarchy will have a quantity (be SMART), a cost (budget), responsibilities, and have expected start and completion dates. The format of a planning matrix is depicted below.

Appendix 5 Figure 8: A Plan/Budget Matrix

Plan/Result	Physical Target (Units)	Responsible Officer	Budget ($US)	Funding	Budget Calculation	Start and Finish Month											
						1	2	3	4	5	6	7	8	9	10	11	12
1. Sub-program 1			$68,200														
1.1. Developing the regulatory framework of the D&D reforms			$68,200			x	x	x	x	x	x	x	x	x	x	x	x
1.1.1. All regulations required by the Organic Law are issued.			$18,200	Basket		x	x	x	x	x	x	x					
1.1.1.1. Anukret .... Completed	1 Anukret		$0			x	x	x									
1.1.1.2. Anukret .... Completed	1 Anukret		$0				x	x	x								
1.1.1.3. Prakas .... Completed	1 Anukret		$0					x	x	x							
1.1.1.4. External review of ... Prakas completed	7 Prakas		$18,200				x	x									
1.1.1.4.1. Eternal consultant complete the review			$12,000		1.5 Man months x $8,000 per month		x	x									
1.1.1.4.2. Workshop held with s representative provinces to discus changes			$6,200		20 participants x $50 per participant + $3,500			x									
1.1.2. Existing legislation is aligned with Organic Law			$50,000									x	x	x	x	x	x
1.1.2.1. Map identifying priority legislation and regulations to be aligned with the OL			$50,000	Project X								x	x	x	x	x	x

In this format: the first column is the program's hierarchical planning elements while the second describes the targeted quantities to be produced. Others columns include: (i) the assignment of individual responsibilities and accountabilities for deliverables or activities, (ii) the cost of producing or completing each planning entity (these are summed upward), (iii) the funding source, for example whether the activity or output is under a specific project, (iv) a description of the budget calculation (quantities and unit costs) and (v) a monthly Gantt Chart describing when each activity and deliverable will start and be completed. As is the case with all plans, the idea is to describe what, how, when, who, and how much.

The matrix in Appendix 5 Figure 8 is not an Annual Operational Plan and Budget (AOPB); the AOPB is a written document. Possible contents of the AOPB are depicted in Appendix 5 Figure 9 and this emphasizes the need to link the AOPB, which covers one year to the IP3. As implementation proceeds, the AOPB will drift from the IP3.

Appendix 5 Figure 9: Possible format of an AOPB

VOLUME I: Sub-Program Implementation
- Introduction
- Summary of major changes in direction or challenges addressed during the year
- Budget summary (by Component, type of expenditure, etc
- Description of the annual milestones (to be approved by the steering committee)
- Planning and Budgeting Matrix, as depicted in Appendix 5 Figure 8
- Annex 5.1: Changes in the AOPB with respect to IP3 deliverables (i.e. additions, deletions, revisions, etc. to be approved by the steering committee)
- Cash flow plan
- Procurement plan

VOLUME II: SNA plans to use decentralized funds
- Introduction
- Summary of budget allocations by funding arrangements, provinces, districts, sources of funds, etc
- Planning and Budgeting Matrix, as depicted in Appendix 5 Figure 8: the C/S fund
- Planning and Budgeting Matrix, as depicted in Appendix 5 Figure 8: the D/M fund
- Planning and Budgeting Matrix, as depicted in Appendix 5 Figure 8: the SNIF

The AOPB is divided into two volumes, the first documenting sub-program plans, the second SNAs planned usage of decentralized funds (C/S, SNIF, etc). Concerning sub-program implementation, the AOPB will have several sections and will include a cash flow plan and procurement plan. Both are based on the matrix and schedule of outputs and activities depicted in Appendix 5 Figure 8.

Having a realistic and well-documented AOPB is important because it provides the foundation for monitoring. Implementation reporting will describe progress in producing outputs (quantities and schedules) linked with expenditures; this means physical and financial monitoring need to be integrated. The format of a matrix summarizing progress reporting this can be found below:

Appendix 5 Figure 10: Matrix for reporting progress

Plan	Physical Target (Units)	Level Delivered	Budget ($US)	Actual Expenditure (%)	Implementation Status	Description /Note
1. Sub-program 1			$68,200			
1.1. Developing the regulatory framework of the D&D reforms			$68,200			
1.1.1. All regulations required by the Organic Law are issued.			$18,200			
1.1.1.1. Anukret .... Completed	1 Anukret	1	$0	$0	Complete	
1.1.1.2. Anukret .... Completed	1 Anukret	0	$0	$0	In progress (on time)	
1.1.1.3. Prakas .... Completed	1 Anukret	0	$0	$0	In progress (behind schedule)	
1.1.1.4. External review of ... Prakas completed	7 Prakas	2	$18,200	$2,000 (11%)	In progress (on time)	
1.1.2. Existing legislation is aligned with Organic Law			$50,000	$0	Not started (late)	
1.1.2.1. Map identifying priority legislation and regulations to be aligned with the OL			$50,000			

The matrix in Appendix 5 Figure 10 is not a quarterly or annual report, but instead an element or supporting annex within the annual report. The possible contents of an annual report are depicted adjacently. As was the case with the plan, the document is divided into two volumes, the first documenting sub-program implementation, the second SNAs implementation. Semi-annual (quarter 2) and annual (quarter 4) reports should be more detailed (i.e. text and tables), while the quarter 1 and quarter 3 reports will be summary (i.e. contain only the matrix above). It is assumed that these matrices will be generated automatically, through computerized systems described in Section 2.5.

Many activities are likely to have high overhead costs, such as staffing. In this arrangement overhead costs are not allocated to outputs (i.e. as is done with step down or cost centre accounting) but are described under their own outputs (such as "build capacity of the policy unit) and activities (such as "hire a policy advisor").

Appendix 5 Figure 11: Possible format for an Annual Report

VOLUME I: Sub-Program Implementation
    Chapter 1:
- Introduction
- Highlights in terms of implementation: issues, challenges and actions taken
- Progress towards key milestones and a summary of progress against the deliverables (for example, the % of deliverables completed, or completed on time, or on target
- Expenditure summary (by Component, type of expenditure, etc.)
- Progress on outcomes-impacts (reporting on Appendix 5 Table 3).

    Chapter 2: Sub-Program 1
- Introduction
- Component 1: description of implementation on a deliverable by deliverable basis.
- Component 2…etc
- Summary of implementation indicators (see Section 5).

    Chapters 3-7: as above
    Annex 1: League table of SNA performance
    Annex 2: Implementation Reporting Matrix, as depicted in Appendix 5 Figure 10
    Annex 3: A summary of all training (who was trained in what, when, where, and at what cost)
    Annex 4: Procurement report

VOLUME II: SNA implementation
- Introduction
- Summary of actual expenditures by funding arrangements, provinces, districts, sources of funds, etc
- Implementation Reporting Matrix, as depicted in Appendix 5 Figure 10: the C/S fund
- Implementation Reporting Matrix, as depicted in Appendix 5 Figure 10: the D/M fund
- Implementation Reporting Matrix, as depicted in Appendix 5 Figure 10: the SNIF

2.2.1. Planning and Reporting Processes

The discussion above specified what the AOPB and quarterly or annual reports might look like but not how they would be produced. In both planning and reporting **NCDD-S will take a coordination and facilitation role**. In doing so, plans and reports should be prepared in a participatory fashion, with sub-program managers taking the lead and making key decisions. They are the "owners."

Because implementers need to coordinate the IP3 with their other activities, planning will take place within the Government's planning calendar. The main steps are likely to be:

1. NCDD issues planning instructions to sub-program managers to prepare AOPBs. This will outline budget constraints and summarize any changes of direction that may have agreed upon during Steering Committee meetings. It will summarize the format and tools for presenting AOPBs and list the deliverables found in the IP3.
2. Sub-Program managers will prepare draft AOPBs based on the directions provided and a review of progress and key issues. The sub-program manager will submit a signed draft AOPB to NCDD-S.
3. Each Sub-Program manager will present their draft AOPB to NCDD-S in a meeting or a workshop designed to scrutinize and approve the presentation. During this meeting NCDD-S will ensure submissions are of acceptable quality, have met the directions found in the instructions, is consistent with the IP3 vision and deliverables, and is coordinated with other sub-programs. This is likely to result in adjustments in budgets, timing, etc.
4. NCDD-S will consolidate sub-program submissions into a unified (program-wide) AOPB and will present it to the Steering Committee. Based on agreement by the Committee, the AOPB will be finalized.

Once the AOPB is approved, program deliverables will be converted into a series of contracts or MoUs. In doing so, the principle is that deliverables (outputs) are SMART (Specific, Measurable, Achievable, Relevant, Time-bound). These define reporting arrangements between implementing agencies and the NCDDD-S. Reporting responsibilities will rest with each sub-program manager, assisted by an M&E officer in each Sub-program management unit. Reporting is from the supply side, (i.e. program implementers who delivery capacity to SNAs), rather than from SNAs.

2.2.2. Monitoring Training

During the initial phases of the IP3 a good deal of training will take place. To track training, special monitoring arrangements and systems will be developed. In essence, there are four points at which training can be measured: (1) prior to training, (2) during training, (3) after training but before re-entry into the workplace, and (4) at the workplace. The evaluation process looks at four levels or issues:[31]

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[31]This follows Donald Kirkpatrick approach to the evaluation of training as set out in the *Journal of the American Society of Training Directors* in the late 1950s.

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1. **Reaction (level 1),** describes the trainee's initial perceptions; in particular how well he or she liked the training program. Reactions are typically measured at the end of training. Though there are limitations concerning the validity of these questionnaires, they tend to be cheap, easy to undertake, etc.

2. **Learning (level 2).** What principles, facts, and techniques were understood and absorbed by attendees? What trainees know can be measured during and at the end of training but, in order to say that this knowledge or skill resulted from the training, the trainees' entering knowledge or skills levels must also be known or measured. Evaluating learning, therefore, requires measurement on a pre and post test basis.

3. **Behavior/job performance (level 3).** Any evaluation of changes in on-the-job behavior must occur in the workplace itself. It is at this point that the institutional behavior of the employer sets in: it is entirely possible that a trainee learns a great deal but cannot apply or transfer this learning to the work place. Evaluating the effect of training on job performance may be tricky, but often involves investigating the employee's output pre and post training or through interviews with his or her superior.

4. **Organizational Results (level 4)** justify the rationale for training. Ultimately training aims to improve the performance of organizations, through the improved job performance of individual employees. Sometimes cost-benefit analysis is used, comparing the cost of training (i.e. the investment) with the financial value of the organizational benefits caused by training. In practice this is often difficult to do.

To facilitate the monitoring of training, the following instruments will need to be designed: (i) an MIS system tracking who was trained in what, when, and by whom (generally this is measured by "person days," the number of people trained times the length of training), (ii) end-of-training questionnaires to gauge trainee's satisfaction with the training (as well as their recommendations for improvement), and (iii) where appropriate pre and post tests.

2.3. Outputs and deliverables in the IP3 document

During the first year of implementation (2011) the AOPB is expected to be virtually identical to the IP3, but in subsequent years, and based on implementation results AOPBs are expected to deviate somewhat. Section 0 (in the annex) reviews the deliverables in the IP3 and how they are expected to be monitored.

Appendix 5 Figure 12: Internal quality

2.4.   Internal Quality Assurance Mechanisms

Appendix 5 Figure 6 identified two internal quality assurance mechanisms: (i) external observation/ assessment of training and other capacity development activities and (ii) reviews and reports by Provincial Advisors and M&E officers, Mentors, District Management Advisors, and Ministry/ IP3 review teams. The former concerns how well deliverables are being provided, the latter whether these deliverables are being properly and effectively used by DMs.

Quality assurance is an important function of the SNA Advisory Services Unit and will be implemented through regular field visits, periodic meetings, and internal quarterly reports. With training taking place across 6 sub-programs, 193 D/Ms and covering numerous areas (like asset management, HR management), it is essential to ensure a consistent, high quality message is delivered. To ensure quality, a sample of training (and other) events will be attended by staff centrally located at the SNA Advisory Services Unit as well as advisors at Provincial level. The job descriptions of these staff will emphasize their role in quality assurance as well as their obligation to report to the SNA Advisory Services Unit cases where deliverables are not being provided according to plan or at the level of quality required.

Appendix 5 Figure 13: Possible Format of a Quality Assurance Report

Background: (i) Name of the officer reporting and his or her post, (ii) Province / DMs covered and (iii) Period covered

Capacity Building Event Observed (each event is listed)
- Name of the event, who supplied it, what its content was and when it took place
- Observations on its quality, including any feedback from DM recipients
- Recommendations for improvement
- Assessment of the quality of the service provided (on a scale of 1-5)

DM Performance Observations (for each DM in an officer's "portfolio")
- Policy Issues (sub-program 1)
  a. Observations concerning the policy environment
  b. Recommendations for how the IP3 can address these
- HR (sub-program 2) and HR management
  c. Observed Issues with HR; how well is HR being managed?
  d. Recommendations for how the IP3 can improve HR management
  e. Overall assessment of HR management (on a scale of 1-5)
- Administration (sub-program 2) (as above a-c)
- Finances and Financial Management (sub-program 4) (as above a-c)
- Planning, Budgeting, M&E and reporting (sub-program 5) (as above a-c)
- Councilors: civic engagement, administrators advice, etc (sub-program 6) (as above a-c)

The reporting framework (between the SNA Advisory Services Unit and staff at Provincial and D/M level) will describe both an assessment of the deliverables observed as well as a description of how well DMs are performing, in particular, how well they are applying the knowledge and systems transferred to them. Short reports, prepared by the officers identified above and submitted to NCDD-S are likely to follow a format resembling that of Appendix 5 Figure 13. As described above, quarterly meetings of all of these "quality assurance officers" needs to be budgeted and arranged.

2.5.   Computerized Systems

Planning, budgeting, monitoring, evaluation, financial management (accounting), contracting, and reporting are inter-related processes. As processes they can be facilitated by having **an integrated computerized management system**. The center piece of these systems would be the Annual Operational Plan and Budget described above. Ideally:

1. The system should (i) be designed as an organizational management tool, (ii) be a national system, be used government-wide, based on **government planning hierarchies and definitions**, and (iii) have as its basic building blocks the AOPB and chart of accounts. The chart of accounts should be developed to include performance management codes (i.e. objective, outputs, activities, inputs, etc); this is because accounting, procurement, etc., are "subsidiary" to the plan and budget. The definition of the planning hierarchy would cover codes for all levels of government and would describe all types of services: infrastructure development, policy development, recurrent services, and internal capacity building and administration. At a later date the definition of planning entities would include preparation of guidelines on typical outputs and activities on a sector-by-sector basis. The same system would be used, with some modifications and simplifications, for all levels of government.

2. The development of the system is "**output-driven**" in the sense that the system must produce a standard set of "reports."   These reports, such as the *Planning and Budgeting Matrix* in Appendix 5 Figure 8 and the *Progress Report Matrix* in Appendix 5 Figure 10 define the data requirements and the data models of the system.

3. The systems would be **process driven**, i.e. take the organization through the steps in the national planning, budgeting, monitoring, and reporting processes. These would track approvals, edits, scrutinization, etc., as well as who was responsible for each step in the process. Therefore processes are developed before software.

4. The outputs (reports) and processes described earlier, together with the scope of the systems in terms of users, planning language, etc., would result in the creation of **user requirements**. User requirements would cover which elements of the system are transactional and web-enabled (i.e. which information would be entered remotely).

5. The system would be capable of data warehousing, rolling over plans and information across years (i.e. be **dynamically consistent**), have an adequate support process (including training), be well documented, be customizable and so forth.

6. An integrated software package would be employed and procured on a competitive basis. Where multiple systems are used, the systems would be linked based on open (transparent, well-documented) **data exchange processes** and common coding arrangements. The system(s) selected would meet all user requirements and the assessment of which system or software package to use would compare costs, system support, quality of the system, flexibility, etc.

7. There would be a comprehensive rollout plan, typically in phases starting where capacity and resources are highest, usually central government. The rollout would include training, preparation of manuals, backstopping and support processes (a help-desk), independent reviews, etc.

Customizable, off-the-shelf software which meets all of these requirements is readily available since these are basic requirements of most public sectors and large decentralized organizations. Strategically:

> *Getting a single integrated planning, financial management and reporting system in place should be considered a priority of the transition phase of the IP3. Though there*

is no reason why the same system could not be used in Provinces and perhaps DMs, the strategy should be to get the system up and running at central level first.

Appendix 5 Figure 14: An Integrated System

Taking the Annual Operational Plan and Budget as the center piece, there are three core systems, depicted in the centre box of the adjacent diagram:

1. An **Annual Operational Plan and Budget**, which tracks both the process (issuing budget constraints, drafts, scrutinization and approval) and results in the structural hierarchy of outputs, activities, inputs, planned dates, planned physical quantities, and responsibilities. If computerized systems are effective, Appendix 5 Figure 8 will be generated automatically.

2. **Financial Management Systems** (FMS) which are linked to the Annual Operational Plan and Budget through the chart of accounts; all expenditures would debit a line item in the budget. When aggregated, individual transactions will allow the costing of activities or outputs. Since the computerized FMS is a full accounting system, some transactions also involve the purchase of assets and the payment of contracts; contracts and projects are modeled as outputs (deliverables) or groups of outputs. For this reason the transactional FMS includes modules of contract management (procurement) and asset management.

3. The **performance monitoring system** is used to track physical quantities and dates of completion. Data is entered periodically. Costs are derived through FMS modules.

Appendix 5 Figure 14 also identifies other systems. Though useful, these are of secondary importance from an implementation monitoring perspective:

- **Socio economic data** describes the "state of the world" rather than something an organization does. In some systems indicators used in the integrated planning, financial management and performance management systems are derived from these.
- **Strategic Planning Software** may link long-term and annual plans; generally, however, the link is not done through computerized systems
- **Supporting MIS systems**, especially HR Management Information Systems (HRMIS). Usually they: (i) are national, (ii) allow position management, and (iii) are

> linked to Financial Management Systems in order to implement the electronic payment of employees. Other systems might include records management systems, tax and other registers, roads maintenance systems, land use planning systems, etc.

Section 7.4 provides a concept note for the development of computerized systems and their strategies.

2.6. SNA Implementation Monitoring

M&E and reporting processes and systems used by SNAs need to be designed to benefit SNAs, as part of their internal management processes. The current practice is for systems to be designed to meet the information needs of central government. The IP3 describes the revision of:

- Information in the **Commune Data Base.** The CDB needs to be reviewed and expanded to cover D/Ms since some socioeconomic data (for example forestry, national roads) may cover D/Ms not C/Ss. The possibility of using the CDB to collect organizational indicators (such as revenue collected or number of staff) needs to be considered. The data structure is flexible and the "indicators" collected are not pre-determined. In general: (i) the amount of data collected is probably too large and is of questionable planning utility, (ii) indicators need to be aligned to the CMDGs, and (iii) there are gaps from a planning perspective (for example data does not cover area planning issues such as what other actors in the area plan to do). Currently, information is collected on paper at village and CS level and then inputted at the Province; this allows the preparation of reports at all levels though the aggregation of data. At national level data is converted into a format allowing access via a web-enabled interface. Since data will also cover DMs, the database should be renamed *"the SNA socio-economic database" (SED)*. Geographical references and other classifications need to be made consistent and linked with other systems.
- Currently, SNA annual operational plans and budgets are derived using the CDBD (**Commune Development Planning Database**). This, however, is incomplete as a fully-fledged Annual Operational Planning and Budgeting tool since: (i) it applies to only one planning process (that of CSs), (ii) does not effectively monitor implementation, and (iii) poorly maps agreed plans and budgets with proposals. As was described above a more generic computerized "planning" system, which can be used by DMs, CSs and other levels of government, needs to be developed; this system is expected to be integrated with financial management systems and performance management systems, as depicted in Appendix 5 Figure 14. The testing, development and adaptation of the system first developed and used by IP3 managers should take place during the iterative design process described in Section 4.6.

2.7. Summary, Roles and Responsibilities

Getting implementation monitoring right is challenging because it involves many players, requires an attention to detail, and may rely upon the use of computerized systems to reduce workloads and organize reports. Implementation monitoring is, however, an important fiduciary responsibility, is intimately related to quality assurance, and provides information at the level of the results chain where accountability lies. Key responsibilities include:

- NCDD-S should facilitate decentralized planning processes and coordinate preparation of Annual Operational Plans and Budgets and quarterly implementation reports covering sub-programs as well as SNAs use of decentralized funding arrangements

- NCDD-S should ensure an integrated Planning, Budgeting, Financial Management and Performance Management System, which is web-enabled, is designed/purchased, and is used to prepare the matrices outlined above.
- Provincial Advisors and M&E officers should be responsible for quality assurance, providing M&E, Planning, Computerization and other capacity support, and ensuring the collection of implementation data. They are not, however, data entry clerks - they are coordinators and facilitators.
- The SNA Advisory Services Unit should ensure regular meetings and reporting of officers involved in quality assurance. They need to ensure the quality of deliverables as well as the proper and effective use of the deliverables by DMs
- The M&E and IT Unit should backstop computerized systems and reporting
- As described in section 3.2.1, self-reporting mechanisms need to be independently validated and verified. This is part of the compliance regime.

3. THIRD PARTY INSPECTIONS

3.1. Introduction

Several indicators are derived though compliance inspections, management standards assessments, and competency assessments. These measure SNA performance, in particular the adherence to rules and regulations, the quality of management, the use of systems and processes, and individual skill and knowledge levels. Assessments are undertaken by independent third parties and thus separate policy development, regulation and measurement from implementation. Appendix 5 Figure 15 summarizes the indicators described in this section. Following a brief introduction, section 2.2 covers compliance, section 2.3 standards, and section 2.4 competencies.

Appendix 5 Figure15: Inspection Indicators

3.1.1. Background

Compliance is part of the "deal" by which central government grants SNA authority (power), but in return accepts certain accountabilities. The creation of this regulatory framework consists of:

1. Developing legal instruments (laws, regulations) and an accountability framework defining consequences for not meeting specified conditions or terms
2. Translation of legal instruments into compliance inspection routines which check whether processes are being complied with
3. Translation of legal instruments into guidelines, manuals, and ultimately management and other standards.
4. Translation of standards into management and capacity assessment, inspection, and advisory processes
5. The development of review and appeals processes
6. The development of institutional arrangements and the building of organizational capacity to undertake inspection and assessment routines

Appendix 5 Figure 16: The Deal

The IP3 terms this system "legality control." While compliance inspections tend to focus whether required processes were adhered to, management standards and competency assessments aim to provide benchmarks for good practice. Their assessment routines involve a good deal of advice and discussion about how performance can be improved. In both cases assessments will result in the development of recommendations for action as well as monitoring whether such recommendations were implemented.

Appendix 5 Figure 17: Systems/Areas of Compliance and Standards

> **PLANNINGBUDGETING, AND REPORTING**
> - Undertaking a situation analysis, (ii) Strategic (long-term) planning, (iii) Annual Operational Planning and Budgeting (including outputs, activity schedules, costing, cash flows, procurement planning, M&E planning), (iv) M&E, (v) Quarterly/Annual Performance and Financial Reporting within Government, (vi) Reporting of results to citizens, (vii) Computerized systems to support the above.
>
> **FINANCIAL MANAGEMENT**
> - (i) MTEF, Budget Formulation, (ii) Accounting, (iii) Procurement, Contract Management, Project Management, (iv) Internal Controls (internal audit), (v) Financial Statements (income statements, balance sheets, etc), (vi) Performance and activity reporting (listed above also), (vii) Asset Management, (viii) Computerization of financial transactions and procurement.
>
> **HR MANAGEMENT**
> - (i) Recruitment, (ii) Performance Appraisal/Contracting, (iii) Training (planning, monitoring, etc), (iv) Disciplinary Action, (v) HR Planning, (vi) HR MIS, etc.
>
> **ADMINISTRATION**
> - (i) Administrative procedures, meetings, etc, (ii) Records management and MIS, (iii) Complaints

handling, (iv) Advisory Processes; relationship management with councilors (v) Functions vis a vis other levels of government

VALIDITY OF REPORTS / VALUE FOR MONEY
- (i) Audit of outputs and report accuracy (was an output produced as reported?), (ii) value for money.

COUNCILORS
- (i) By Laws and policy making; meeting procedures, (ii) Consultative processes (including planning), (iii) Planning and budgeting, (iv) Accountability processes (what is signed off, when, etc), (v) External evaluations, surveys, etc, (vi) Relationships with other levels of government.

3.2. Measuring Compliance

Currently several compliance inspection processes are in place across government,[32] most prominently scrutinization of budgets, the audit of financial statements, and various expenditure and payment controls. It is expected that a more complete inspection regime will be developed under Sub-Program 1 and will cover some of the domains or areas of inspection depicted adjacently.

Generally, under each domain, rules and regulations are converted into steps and processes; a series of indicators are designed to assure that these procedures were adhered to (see Appendix 5 Figure 18 for a sketch). Adherence is based on evidence with clear means of verification. For example, procurement inspections might look at advertisements for tenders, or recruitment inspections might look at the scoring of a recruitment committee or assess whether the right candidate was selected. By summarizing indicators upwards, and assigning weights, each domain receives a compliance score. Scores can be compared across SNAs as a performance measure.

Appendix 5 Figure 18: Compliance Scoring

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[32] Inspections can be undertaken before an event (i.e. as an approval, permit or license) or after an event (as a sampled audit). The former (pre-inspection) aims to prevent (block) an event, while the latter aims to create incentives for deterrence. As a general rule of thumb, post inspections tend to be cheaper and tend to include an element of making results available to the public (in order to foster accountability).

The development of these processes is an essential capacity development area of the IP3. As part of this activity: (i) a checklist, indictors, and means of verification will be derived, (ii) a scoring and weighting system will be designed, (iii) an inspection process and sampling routine will be created, (iv) SNAs will be informed of the process, (v) a reporting process will be developed, including the dissemination of results to the public (vi) a manual describing the process will be prepared, (vii) training materials will be developed and inspectors will be trained, (vii) a computerized system will be designed and documented, (ix) the process will be piloted, tested, and adapted, (x) other capacities will be strengthened, including staffing levels, equipment, etc. This process will be led by the Central Ministries (MOI, MOP, and MEF) and will be undertaken holistically, as a team, and on an annual basis. It will be supported by shorter spot checks based on financial and other queries or complaints received.

3.2.1. Independent Validation of the Results Reporting

Performance monitoring always depends (partially) on the self-reported results of implementers. The domain "Planning, M&E and reporting" looks at whether reports have been completed according to standards, rules and regulations. This is a different issue than whether what was reported was an accurate reflection of what really occurred. For example, was an irrigation system actually built as reported or were 25 Women's groups actually trained in handicrafts? As part of a quality assurance mechanism, there are two main ways to promote accurate reporting:

1. Requiring reporting to the public (who would complain and pressure councilors if reports are blatantly inaccurate)
2. Independent verification of a sub-set of outputs, contracts or activities, to ensure they took place as reported. This would have a deterrent effect (i.e. ensure the accuracy of reporting) to the degree administrators would be held accountable for their report's content

3.2.2. The indicators

A wide range of compliance indicators are possible, measuring the different elements outlined in Appendix 5 Figure 15. The results framework includes the following compliance indicators:[33]

- **Financial Management Compliance Score**: this would summarize, into a single score, a wide range of financial management issues. Scores would exist for each SNA inspected (and can be averaged across SNAs to arrive at a national SNA score). It is expected that at first scores may not be entirely accurate as new domains are expanded and SNAs begin to better understand what is expected of them.
- **Administration and HR Compliance Score** would be similar to the above.
- **Number of civil servants disciplined based on compliance inspection routines**. This connects the process (and reporting on compliance) with an action being undertaken. It is not possible to predict, without the system having been used, what levels or types of disciplinary action are likely to arise. If no disciplinary action results (at least at first) then this is an indicator that the inspection process is not an effective deterrence of unwanted behavior.
- **Percentage of DMs whose financial statements were categorized as "without reservation" by NAA**. The NAA classifies accounts into three categories, with this being the category of best performance. It is calculate as: $100 \times$ Number of DMs categorized as "without reservation" by NAA $\div$ of DMs audited by NAA.

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[33] Many options are possible. A single compliance score can be used, scores for each domain can be reported, or domains can be grouped. The accuracy of reporting (% of outputs verified to be reported accurately) is another good indicator.

It is not possible or desirable to generate baselines in the case of compliance inspections as the development of systems and processes should be done carefully. Once systems are designed, the exact wording or breakdown of the indicators into groups of domains can be finalized. Satisfaction with these and other processes is assessed as part of the governance survey outlined in Section 4.

3.3. Management Standards

Management standards describe good practice across the areas outlined in Appendix 5 Figure 17. They differ from compliance in the sense that they do not constitute minimum conditions for performance and therefore are not often linked to disciplinary actions.[34] Generally, standards are designed to stretch an organization and can be measured along a wide continuum as the organization develops. Two main assessment processes are used: self assessment, where the organization assesses itself, and third party external assessment. In the private sector, third party assessments are often undertaken voluntarily (as a form of certification, for example by ISO and other organizations) while in the public sector, especially where obligatory functions are delegated, standards tend to be developed and inspected centrally. This is a core function of central and line Ministries in a unified system of government.

When applied to management, assessment of standards is essentially the same as an assessment of capacity (are people, systems, processes in place; are they used; are they effective?). The results of the assessment (whether in the form of advice of external assessors or facilitated as a self assessment) tend to be used during planning, to design ways to improve performance. When done externally: (i) the organization is often responsible for collecting data prior to the assessment, (ii) the assessment is done based on evidence, rather than as an interview or perception based exercise, (iii) the assessment results in a report with recommendations (advice) based on an identification of gaps between current practice and the standards, and (iv) assessments review whether previous recommendations were implemented, though implementation is not obligatory. Strategically, the development of management standards routines involves two key design questions:

- **Is it a self-assessment or third party/external assessment (or both)?**[35]

- **What areas are assessed?** There are many different models describing the content of the assessment (see the adjacent diagram) and the areas outlined in Appendix 5 Figure 17 are, at this point, a guess. Strategically, the design of management assessments can either wait for the completion of a regulatory framework, manuals or guidelines, or can proceed from a point of common sense, general knowledge of what good management means, and the experience of other assessments processes and procedures.

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[34] The division between compliance and standards tends to be worked out as systems are developed.

[35] Developing capacities to facilitate a self-assessment or assess management standards are both challenging; one is not necessarily easier than the other.

**Appendix 5 Figure 19: Some Common Assessment Framework
and their Areas or Domains**

- **EFQM**: People, Processes, Policy, Strategy, Partnerships, Resources, Innovation and Learning
- **CIDA**: Strategic Leadership, Human Resources, Financial Management, Infrastructure, Programme Management, Organizational Processes, Institutional Linkages
- **UNDP (POET):** HR Management, Financial Resources Management, Equitable participation, Sustainability of benefits, Organizational learning, Partnering, Strategic Management and Governance
- **Treasury Board Canada**: Governance and Strategic Direction, Public Service Values, Policy and Programme, People, Citizen Focused Services, Risk Management, Stewardship, Accountability, Learning, Innovation and Change Management, Results and Performance.

The M&E strategy assumes (i) the assessment is external (because once obligatory functions are decentralized a joint and coherent standards assessment process will need to be developed anyway) and (ii) assessment should be based on Cambodia's regulatory framework.

3.3.1. The Indicators

A single indicator is selected, but this indicator can be disaggregated according to the domain or area of assessment (similar to compliance inspections, as depicted in **Error! Reference source not found.**) and according to the SNA inspected. The following indicator of good management is tracked:[36]

- **Management Standards Score,** which would summarize a wide range of management areas or domains. It is expected that scores can also be separated according to whether they measure capacity, actual management practice, or the effectiveness of management

3.4. Competency Frameworks and Assessments

Compliance and standards assess organizational performance, while competency assessments or certification apply to individuals. This would:

- Assess individual skills, knowledge or qualifications, within a framework of competency requirements. These would be derived from functions, schemes of service, job descriptions, etc.
- Would be undertaken on a third party basis, most likely using a training institution. This tends to be practiced in some sectors, such as teaching, forestry, accounting, etc. The challenge is to broaden this to other areas like planning, HR management, etc.

Appendix 5 Figure 20: Evaluative Questions Concerning SNA Performance

- Are SNAs undertaking their functions as described in the Organic Law? Are they complying with rules and regulations?
- How good is SNA performance in terms of operations? Are they efficient? Are they well managed?
- How good are SNAs at planning, budgeting, M&E, reporting, administration, HR management, financial management and council-relations?
- A wide range of tools, instruments and systems were provided to SNAs: are they used? Are they used as intended? Are they meeting their objectives? If not why?
- How good is SNA capacity? It is in place?
- How good are individual capacities and skills?
- What can be done to improve the operations of SNAs, to make them more efficient?

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[36] Many options were (and still are) possible. A single compliance score can be used, scores for each domain can be reported, or domains can be grouped (the latter was selected). The issue of accuracy of reporting (% of outputs verified to be reported accurately) is another good indicator.

3.4.1. The Indicators

Although the exact format of the competency assessment is not known, the indicator is expected to be:

- **Percentage of SNA staff meeting competency standards**. This can be disaggregated by SNA, by SNA type, and by cadre of staff

3.5. Summary and Role of the M&E Unit

The adjacent figure reviews the evaluative questions the M&E arrangements of this chapter aim to answer. Answering these questions requires the development of three main instruments: compliance inspection, management standards assessment and competency assessments. These are essential processes to get right as they form the foundation of the accountability systems supporting decentralization. Although not taking the lead, the Research, Evaluation and Document Office should play an active role in ensuring processes are evidence based and indicators are SMART.

4. POLICY EVALUATION

4.1. Introduction

This chapter describes policy evaluation processes. In the context of the IP3, "policy evaluation" translates into whether D&D is meeting its objectives; from a results perspective, whether outcomes and impact are being realized. To review, Section 1 (Appendix 5 Table 2) mapped democratic development (as defined in the Organic Law) into the IP3 results chain. A strategy to measure these results, within a framework of quality assurance, was designed. This divided M&E processes into three main categories: implementation monitoring (Section 2), third party assessment (Section 3), and policy evaluation (Section 4). The measurement instruments used within this strategy are summarized below.

Appendix 5 Table 4: Data Collection Instruments to Assess Goals and Purpose

Program Narrative	Expected Result	Measurement Strategy and instrument
Goal (impact): to enable SNAs to promote welfare (livelihoods, social development outcomes and rights), to improve equality between citizens and communities, and to ensure fairness	Citizen well-being improves	1. Secondary data based on the Cambodian Millennium Development Goals (Section 4)
	Central resources provided to SNAs have favorable returns	2. Sample-based model cost-benefit analyses (Section 4)
Purpose (outcomes): to develop the functioning and capacity of SNAs, in particular Districts and Municipalities, to ensure their efficient operations, good local governance, and the delivery of quality services that meet their democratic development mandate.	SNA service delivery	3. User satisfaction surveys /citizens' report card (Section 4) 4. Results of piloted functional re-assignments (Section 4)
	Local Governance	5. Governance Perception Survey supported by some secondary data (Section 4)
	SNA Operations	6. Compliance inspection /audit results (Section 3) 7. Management Standards Assessments (Chapter 3) 8. Competency assessments/certification (Section 3) 9. Results of the Iterative Systems Design and formative evaluation processes (Section 4)

This led to the 25 outcome-impact indicators defined in Appendix 5 Table 3. The remainder of this chapter describes different elements of the policy evaluation process. Section 4.2 describes policy dialogue processes and the use of reports as communication instruments (M&E under SP1 of policy processes); Section 4.3 describes impact; Section 4.4 describes service delivery measures; Section 4.5 describes local governance; section 4.6 describes iterative feedback; Section 4.7 summarizes and describes "league tables"

4.2.   The Policy Dialogue Process

M&E is not just about collecting information; it is about ensuring information spurs policy dialogue. Though indicators and log-frames are useful, by themselves they are not sufficient. For this reason, policy discussion will take place around **reports**, which are seen as the main M&E communication tool.

Issues will be debated in a series of quarterly policy forum. These will be designed to focus on "big issues" and "new ideas," in the form of presentations and sessions. They will aim to answer the broad evaluative questions found in Appendix 5 Figure 21. Presentations will not only describe findings from the field, but will pose options and make recommendations. Policy forum will be attended by government decision makers, interested civil society representatives, and other stakeholders.

Appendix 5 Figure 21: Policy Questions

- Is the D&D effective? Is the IP3 moving in the right direction? Is the IP3 doing the right things?
- What impact has D&D had for citizens? Is their welfare improving?
- Do decentralized service delivery mechanisms perform better?
- What is the status of Local Governance? Are SNAs aligned to citizens' priorities? If so, does this lead to improved service delivery? Are rights being effectively protected?
- Are citizens satisfied with SNA services? Are they satisfied with the performance of their Councilors? Are they satisfied with local policies? Do they feel SNAs are responsive?
- How are important decisions made? Are administrators accountable to councilors? Do they provide credible advice?
- Is the council transparent? Is it participatory? Does it use resources wisely? Is corruption a problem?

Guided by the program's results framework, the Evaluation, Research and Document Unit will make regular presentations at these forum. Presenters will also come from NGOs, universities, and development projects. Forums will provide an opportunity for policy makers to hear differing perspectives and to debate options in an evidence based framework. The responsibility for organizing forum - to make logistical arrangements, issue calls for papers (in advance, through newspapers and other media), ensure quality through a peer review process, and disseminate findings or information - will be led by a Policy Forum Committee under the Policy Division. The Committee will consist of Government, Development Partners and Non-State Actors.

It will demand time and planning to prepare presentations, especially where surveys are commissioned and large data sets require analysis. To promote predictability and allow participants to organize their research, the themes of the quarterly policy forum will be pre-determined:
- *Quarter 1:* Fiscal Decentralization, Financial Management, and the devolution of functions
- *Quarter 2:* Local Governance and Democracy
- *Quarter 3:* SNA planning, HR management, administration, and capacity

- *Quarter 4:* SNA Service delivery and citizen welfare

When studies are commissioned through the IP3, they are expected to provide an objective (quantitative) assessment of key trends as well as an explanation of the causes of these trends as well as possible options and recommendations to improve performance. The latter is more subjective, more qualitative, more interpretative and more subject to debate. Strategically the objective measurement will be undertaken first, while the subjective review (including interviews of key stakeholders) will aim to interpret and explain observations. While these two elements(measurement and review) could be done separately, hiring the same service provider (consultant) to prepare a unified input will promote a more consistent approach.

In a thematic, reports based approach, IP3 Terms of Reference for consultancy assignments would outline the questions each study aims to answer (what people what to know, i.e. the objectives of the report). This would lead to a table of contents, based on the results framework. Section 0 (in the annex) provides examples of what each of the quarterly policy reports prepared by the Evaluation, Research and Document Unit might look like.

4.3.   Impact

Program impact (equivalent to the goal level of the logical framework) describes improvements in the welfare of citizens resulting from improved SNA service delivery. Technically, an "evaluation" would need to compare observed welfare under autonomous SNAs with the counterfactual, which would measure welfare under alternative institutional arrangements. Without having a suitable control group, incremental impact is not measurable. In light of this, the IP3 tracks a few key welfare or poverty indicators in order to tell a consistent story about D&D. These indicators (see the top of Appendix 5 Table 3) are kept to a minimum, rely upon secondary sources of data to minimize costs, are collected on an annual basis, and are consistent with Cambodia's Millennium Development Goals (CMDGs). Two broad classes of "impact" are measured: (i) general citizen well-being and (ii) the economic impact of the program's decentralized funding arrangements on its direct beneficiaries.

4.3.1. General Citizen Well-being and the CMDGs

Several options were considered for selecting the most appropriate citizen welfare indicators:

1. Track all CMDGs (Cambodia Millennium Development Goals) by aggregating them in a meta-analysis; for example, use an indicator like "% of CMDGs on track." This option is not feasible because most indicators are collected sporadically. The annex (section 0) describes this and other options more fully.

2. Track a sub-set of CMDG indicators that are most relevant for SNAs or local government. In this case, there were two possibilities for identifying the subset: (i) use common sense, (ii) select CMDGs that are collected through the CDB (Commune Data Base), since these are likely to reflect socio-economic conditions at "local" level.

3. Use the CDB and other data sources (i.e. non CMDG indicators) to select a set of relevant IP3 measures. The advantage of this approach is that it would include certain sectors (like roads) which are not well represented in the CMDGs. This was the approach of the Program Support to D&D Logframe: see Appendix 5 Table 5).

Appendix 5 Table 5: PSDD Goal Indicators

Indicator	Data Source
% of rural people with incomes below the "National Poverty Level"	CDB-based poverty estimation model, NCDD PST M&E Unit.
% of settlements (>100 people) reached by rural roads	CDB (MoP) and Project Information Database (NCDD).
% of children under one year of age are immunized against 7 vaccine-preventable diseases	Estimate based on DPH-MOH EPI data to June.
% of children aged six to eleven years enrolled in primary school	The Commune Database, MoP and NCDD/PST
% of rural households with access to safe drinking water	The CDB (2008/2009), MoP and NCDD/PST
200,000 ha of additional community access and use rights secured to land, forest and aquatic resources by 2009	Not collected

To link the IP3 to national programs, the option of using annual CMDG indicators collected through the CDB was selected. Beginning in 2010 the MOP began calculating these indicators (called "CDB-CMDG scorecards"). Indexes (aggregates) of the CMDGs are available for poverty (CMDG 1), gender equality (CMDG 3), Education (CMDG 2), Health (CMDGs 4 to 6) and Environmental Sustainability (CMDG 7). Since underlying indicators are collected at the lowest level of local government, the indicators are generally reflective of citizens' welfare or well-being.

4.3.2. The Economic Impact of Development Projects Funded Centrally

Though general welfare changes cannot be attributed to the IP3, it is possible to trace the economic impact of the program's decentralized funding arrangements on its direct beneficiaries. Since the benefits accrue to citizens (for example profits from a business, more sustainable forestry, or decreased transportation times) they describe an impact which is clearly linked to a program output. This impact will be measured by undertaking representative, random, sample-based, model cost-benefit analyses to calculate EIRRs (Economic Internal Rates of Return) and compare them to a control group of returns where similar activities were implemented outside decentralized funding arrangements. If returns are similar through C/S, D/M and SNIF funding, as they are in projects, then these results offer convincing evidence for donors and NGOs to use government systems. Results are also useful in informing SNA planners about which activities seem to provide the best value for money. A similar study was completed in 2009 by Julian Abrams.

4.4. Service Delivery

Measurement of service delivery at SNA level plays an important part in tracing performance through the IP3 results chain. From an evaluative and policy standpoint, the issue is not so much one of describing overall service delivery (i.e. using general service delivery indicators) but one of attributing improvements in service delivery to D&D. To measure overall service delivery, two main options were considered:
1. Using service delivery indicators from the CDB (Commune Database) or other sector sources, such as health or education (i.e. relying on secondary data)
2. Using service delivery surveys or citizen report cards to gauge satisfaction

Appendix 5 Figure 22: Service Delivery in the Results Chain

Since the CMDGs described in Section 4.3.1 above already cover access to services and because implementation monitoring arrangements will describe the delivery of new infrastructure (a type of service), the emphasis will be in filling gaps, in particular in describing citizens satisfaction with services delivered. In this context, "services" include regulatory environments for Local Economic Development and natural resource management and satisfaction is considered a measure of quality (i.e. an attribute of the service).

4.4.1. User Satisfaction

Service delivery surveys and citizens' report cards are important instruments for gauging service delivery. In carrying out these surveys:

- The service being assessed must be clearly specified (i.e. a general question like "are you satisfied with the services you receive" is not very useful)
- The deliverer of the service must be specified (it must be clear who the respondent is assessing, a C/S, a D/M, etc.)
- There is an issue of whether non-service users should respond. Surveys can either be implemented at the service delivery point (for example a health centre), in which case the service just received is traced (for example, how long it took, how many visits were required, whether inducements were paid, was the user satisfied?) or from amongst the general population of citizens (as opposed to service users). The latter may capture reasons for non-use of services, but may also be far less concrete. For assessing policy (like economic incentives) the general population should be polled.
- There are issues of who undertakes the survey and why. In the famous Bangalore Citizens' Report Card[37] the survey is undertaken by an NGO, whose aim is to improve responsiveness and accountability of the service provider. The alternative is for the organization supplying the service to undertake (or commission) the survey as part of its planning process. In the former case the survey results are made public while in the latter the survey should be interpreted as an internal instrument.

Whether simple citizen-report cards will be part of the revised planning process has not yet been determined, but a good number of non-state actors currently undertake similar surveys. The Evaluation Unit will undertake annual meta-analyses of these surveys to track whether citizen satisfaction seems to be increasing. Data will be disaggregated by SNA and type of service assessed. This review will cover issues of policy satisfaction as well.

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[37] See: http://siteresources.worldbank.org/INTEMPOWERMENT/Resources/14832_Bangalore-web.pdf

4.4.2. Results of the piloted functional re-assignments

Sub-Program 1 pilots functional assignments where Line Ministries delegate service delivery responsibilities to SNAs. To assess whether these pilots are successful an evaluation strategy will be developed which compares service delivery indicators between pilot (i.e. treatment) and non-pilot (i.e. control) groups on a "before" and "after" basis. This is a standard element of experimental design.[38] Indicators found in the results framework summarize the effectiveness of these pilots.

4.5. Measuring Local Governance

Assessing whether local governance is improving is an essential IP3 M&E task. To do so three options were considered:
1. Relying on existing national surveys of governance, for example the World Bank's "*Governance Matters*
2. Developing third party governance assessments
3. Undertaking governance perception surveys based on a framework for local governance implied by or contained in the IP3 document.

Concerning national governance surveys, these tend to be built from many indicators that are not relevant for sub-national administration (for example "rule of law," "political stability," etc.) and therefore their movement may only partially correspond to changes at SNA level. Third party assessments (the second option) usually involve experts gauging governance against some standards or indicators.

Appendix 5 Table 6: Governance Definitions

Source	Definition of Governance
UNDP Strategy Note on Governance for Human development, 2004	Governance is the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is the way a society organizes itself to make and implement decisions - achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organizations and firms. Governance, including its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, nation, region or globe.
EC Communication on Governance and Development, October 2003, COM (03) 615	Governance concerns the state's ability to serve the citizens. It refers to the rules, processes, and behaviours by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in this context.... It can be described as a basic measure of stability and performance of a society.
World Bank Institute website 2004: http://www. worldbank.org/wbi/governance/	Governance: The set of traditions and institutions by which authority in a country is exercised. This includes (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them.

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[38] See Duflo, et. al. 2006, which is available at http://www.povertyactionlab.org/methodology.

4.5.1. Using the IP3 as a Governance Framework

The IP3 establishes a Local Governance Framework, based on Sections 4 and 5 of this appendix. Using the framework depicted adjacently, a series of indexes and sub-indicators will be collected using a survey instrument or questionnaire.

In this framework the rows describe four governance relations (social [civil society], political, administrative, and inter-governmental). In each of these areas (relationships) the means by which governance is listed as a column: engagement (participation, voice, and representation), transparency, and accountability/autonomy. The statements in each box provide examples of how each means of governance is exerted in each relationship.

Appendix 5 Figure 23: Governance Framework

AREA	Voice, Representation and civic engagement	Transparency and Reporting	Accountability and Autonomy
POLITICAL (Citizen-Council)	Citizens engaged in planning processes and participate in elections. Citizens (especially disadvantaged groups) have a means to voice their interests/complaints	Councils report results regularly to the public	The political process holds decision makers accountable; complaints are addressed; councils listen and respond
SOCIAL (SNA- Civil Society)	Citizens form groups to reflect their interests and ask government to include their interests	Civil society (including the press) inform citizens	
ADMINISTRATIVE (Councilor-Administrator)		Administrators report regularly to councillors and provide them analysis to make informed decisions	Administrators are accountable to Councillors for their performance
INTER-Governmental RELATIONS	Lower level elected officials participate in planning and other processes at higher levels which affect their communities	Councils report regularly to other levels of government, especially when resources are transferred	SNAs provided freedom to operate in return for accountability; disciplinary action taken when rules and regulations are not adhered to

These Governance arrangements ensure the principal (SNA) acts in a fashion that is aligned with the interests of the agent (citizens). The aim is for SNAs to be responsive to citizens. Responsiveness or local policy alignment occur at two levels: (i) SNAs make decisions and local policies that are aligned with citizens (and citizens are satisfied with them) and (ii) SNAs operate as citizens expect: they are efficient, are not wasteful, etc. These two types of responsiveness concern a "majority-rules" behavior but an extra dimension of governance is that it aims to ensure the effective protection of minority rights. These higher level local governance results are depicted Appendix 5 Figure 24.

Appendix 5 Figure 24: Governance Framework and Results

The analysis of governance survey data will measure each box in the local governance matrix plus the three results (local alignment, efficiency, and minority rights). The matrix leads to 7 indexes (one for each row and one for each column) and the higher level results lead to 3 indexes. Within each of these 10 indexes (plus an overall "local governance index") measurement would take place for DMs and CSs; in total there would be 22 indexes or measures which would be derived by tagging the underlying indicators according to these classifications or domains for each level of government. This division of indexes and sub-indicators is reflected in the results framework.

4.6.   Iterative Systems Design/Formative Evaluation

The IP3 focuses on developing the operational systems D/Ms require to implement their mandates. Though the first design steps will be done centrally (based on regulations and guidelines), initial prototypes will be further developed under the actual conditions D/Ms operate. This process of working with D/Ms to design systems in the field will be referred to as *iterative systems design*. It aims to ensure systems are relevant and practical, meet the needs of their users, and demonstrate success. Since iterative design is flexible, focuses on getting user feedback on a continuous basis, involves a high degree of testing, feedback loops, assessment, and continuous re-design, it will create a good deal of relevant M&E information. In this sense it is a formative evaluation technique.

The results of the iterative design process will be documented through internal reports, and since the format of their results is not known, iterative design indicators are not part of the IP3 results framework. It is, however, an essential M&E process.

4.7.   Summary and League Tables

Virtually all indicators found in the IP3 results framework (both at the outcome-impact level and the sub-program level) measure performance of D/Ms or Provinces. This design will allow the creation of "league tables," which will lead to a ranking of SNAs based on the areas of performance found in the results chain. It will be the responsibility of the Research, Evaluation and Document Office to generate the league table and append it to the annual report.

5. SUB-PROGRAMS

5.1. Introduction

This chapter reviews M&E arrangements for the six IP3 sub-programs (SPs). Indicators are at the level of "*output plus*" meaning they (generally) don't monitor individual deliverables but instead track immediate results that are anticipated to take place upon the completion of multiple deliverables. For example, indicators in SP4 look at resource allocation between SNAs and central government (% of the national budget allocated to SNAs); these are consequences of the establishment of decentralized funding arrangements, policies concerning non-tax revenues and many other factors. The responsibility for collecting these "output plus" indicators (including their baselines) is with Sub-Program Managers but the National Program Monitoring, Reporting and IT Support Office will validate their accuracy, and ensure they have convincing means of verification.

5.2. Sub-Program 1

Component 1.1 describes the development of the regulatory framework. The idea is to compare the plan (which regulations were to be developed and when) with actual progress. Since delays in developing regulatory frameworks will have an impact on all capacity development initiatives, the SP1 results-framework will track this potentially debilitating effect. Whether the regulatory environment is effective (i.e. whether it meets its objectives) is assessed by measuring outcomes and impact at the goal and purpose level. This concerns how well SNAs are performing (their internal operations and service delivery), how strong local governance is, and what the impact of decentralization is on citizens.

Component 1.2 concerns the building of NCDD policy development and program management capacity. In terms of monitoring, the first strategy is to focus on the policy forum process as a means of revising policies, laws and regulations. How many people have attended the forums, are attendees satisfied with it, and is the forum leading to revisions to improve the regulatory environment? Second, program management capacity is measured by looking at implementation progress, in particular whether planned outputs and expenditures are being implemented; this is done both for central IP3 implementation as well as SNA implementation through decentralized funding arrangements. Finally, special attention is paid to the reporting of progress and the degree to which M&E systems have been effective in capturing this data. Indicators assess the completeness of reporting by looking at the percentage of planned outputs (deliverables) which are reported in all four quarters.

Component 1.3 describes the process of functional reassignment, through a process of contracting. This is planned to take place at the DM level. From an M&E perspective, the implementation of the reassignment is monitored by tracking the number of functions analyzed (considered) for reassignment, the number tested for reassignment, and the number gauged as feasible through the piloting process. The latter is assessed through a *cost-benefit framework* comparing performance in the pilot (where functions are reassigned) to performance in a control group (where functions are not reassigned). The approach will measure baseline indicators in both the control and treatment (SNAs with pilot reassignments) groups and compare improvements made in each group following the pilot. Indicators can be found on the Appendix 5 Table 7.

5.3.   Sub-Program 2 and 3

*Components 2.1 and 2.*2 concern arrangements for ensuring SNAs have the staff they require to undertake their functions. It involves first a temporary transfer and later a more permanent arrangement under the civil service codes. In order to assess the posting of staff, annual data will be collected which describes: (i) the number of staff posted (by gender), in relationship to the establishment and (ii) the qualification of key staff, and whether staff postings (numbers or qualifications) have been successful in attracting and retaining staff in more remote or challenging areas. These components also concern the development of a regulatory framework (regulations, guidelines, etc.) that will shape capacity building at D/M level. The data should come from national payroll databases.

Component 2.3 concerns the development of SNA capacity; it describes how HR management and administration will be improved in SNAs, primarily D/Ms. From an M&E perspective the objective is to find out whether capacities to undertake improved HR management and administration are in place, whether the systems are used (as intended) and whether these systems are effective - i.e. whether the goals of the systems have been met. For example, is recruitment meritocratic?   Are meetings well managed?   Is there an effective system of complaints handling? While the approach and assessment standards in respect of the audit of SNA accounts and financial statements are well defined, there is a need to develop proper measures for procurement and other aspects of financial management (i.e. comprehensive compliance inspections and assessments of management standards).

Component 2.4 describes the development of facilities and the provision of equipment to DMs. Monitoring focuses on how many facilities were constructed or upgraded.

Since both sub-program 2 and 3 are concerned with staffing, they share indicators. These are outlined in the Appendix 5 Table 8.

5.4.   Sub-Program 4

Sub-Program 4 aims to improve the financial autonomy of SNAs (by making financial resources accessible in a predictable, rational, and consistent way); it also aims to ensure SNAs manage these resources efficiently and according to national regulations and standards.

Component 4.1 provides the institutional framework for making financial resources available to SNAs; it creates regulations and tools; it designs the three funding mechanisms which will channel resources to SNAs. In order to know whether these institutional arrangements have been effective, annual data will be collected which describes: (i) levels of resources transferred to SNAs through each funding mechanism and (ii) the composition of financial resources available to SNAs, in particular the degree to which SNAs have autonomy over their usage.[39]

Components 4.2 and 4.3 describe how financial management will be improved in SNAs. From an M&E perspective the objective is to find out whether capacities to undertake improved financial management are in place, whether financial management systems are used (as intended) and whether these systems are effective - i.e. whether the goals of the systems have been met. For example, are accounts maintained to a suitable standard? Are assets efficiently

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[39] An important M&E issue related to Component 4.1 concerns the effectiveness of SNA funding mechanisms and whether new contractual arrangements work. This evaluation is under Sub-program 1; Sub-program 4 is concerned with how financial resources might flow from Line Ministries to SNAs and how resources will be accounted for, reported, etc.

managed? Is procurement fair and cost efficient; does it result in the selection of the most suitable contractor? While the approach and assessment standards in respect of the audit of SNA accounts and financial statements are well defined, there is a need to develop proper measures for procurement and other aspects of financial management (i.e. comprehensive compliance inspections and assessments of management standards). Indicators can be found in the Appendix 5 Table 9.

5.5.   Sub-Program 5

Sub-Program 5 aims to improve the strategic planning, special planning, and investment programming of SNAs. Activities involve developing new systems, process and tools and then piloting them at SNA level. Components 5.1 describes the development of new or revised planning tools and instruments while component 5.2 describes the rollout out and capacity development of SNAs in terms of planning. Concerning the monitoring of these activities the key questions are: (i) which tools were developed and when (ii) are the tools effective and are SNAs plans improving? Indicators are listed in Appendix 5 Table 10.

5.6.   Sub-Program 6

Sub-Program 6 aims to build a strong, effective and financially viable (sustainable) Association (or Associations). These Associations are intended to represent the interests of its members by advocating on their behalf regarding the development of the system, in some cases building their capacity, and providing legal and other services.

Component 6.1 describes the capacity of the organization. In terms of monitoring or assessing this capacity, the focus is on staffing, financial capacity and the delivery of legal services to SNAs. The table below summarizes the indicators which will be used to monitor SP achievements, over and above the deliverables described above. Indicators are listed in Appendix 5 Table 11.

Appendix 5 Table 7: Sub-Program 1 Results Framework

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
1.1. Developing the Regulatory Framework of D&D reforms	Regulatory instruments developed on time	1. % of regulations which were completed on time		100%			Internal NCDD progress monitoring
		2. Number of deliverables under other sub-programs which were delayed due to delays in developing the regulatory environment					As above
1.2. Strengthening capacity for Policy development and program management	Policy capacity in place and policies routinely monitored and evaluated	3. Number of people attending quarterly policy forum					Disaggregate by type of attendee: IP3 implementers, other government staff, development partners and non-state actors
		4. Satisfaction of attendees with policy forum		90%	90%	90%	Measured as an informal written survey
		5. Number of regulations changed or amended as a result of the quarterly policy forum					Results from the minutes or documentation of policy forum
	Program management capacity in place and program administered efficiently	6. % of planned IP3 outputs/deliverables reported in the M&E system which have complete quarterly monitoring data		95%	95%	95%	Complete monitoring data is defined as having data for all quarters which includes: the planned and actual physical quantities for all outputs/ deliverables, the planned and actual costs of producing each output/deliverable, and the planned and actual completion dates for producing each output/ deliverable.
		7. % of planned SNA outputs/ deliverables reported in SNA M&E system which have complete quarterly monitoring data		50%	60%	70%	
		8. Actual IP3 expenditure as a % of budgeted expenditures (*)		90%	90%	90%	Data from the IP3 program monitoring database and disaggregated by sub-program and component
		9. Actual SNA expenditure as a % of budgeted expenditures (*)		80%	80%	80%	Data from the SNA M&E system and disaggregated by SNA
		10. % of IP3 outputs/deliverables completed on time and within budget		90%	90%	90%	Data from the IP3 program monitoring database and disaggregated by sub-program and component
		11. % of IP3 outputs/deliverables completed on time and within budget		70%	70%	70%	Data from the SNA M&E system and disaggregated by SNA
	SNAs Autonomous as local policy makers	12. Percentage of local government by-laws overturned by central government					
1.3. Advancing Sector Decentralization Reforms and Functional Reassignment	Functional reassignment analyzed and tested for DMs	13. Number of functions analyzed for reassignment (as part of the sector studies)	0				Internal NCDD data
		14. Number of functions tested for reassignment in the pilot reassignments	0				Internal NCDD data
		15. Total value of contractual arrangements signed with SNAs during the pilot functional reassignments	0				Internal NCDD data
		16. % of pilot obligatory functions delivered by SNAs which were done so at least as efficiently as the control group (i.e. Line Ministry delivery)(*)	N/A	>=50%	>=50%	>=50%	Derived from the assessment of the pilot functional re-assignments comparing service delivery between decentralized processes (SNAs) and current Line Ministry arrangements. Results will be disaggregated by type of service (function re-assigned).
	Functional reassignment of C/S permissive functions analyzed and tested	17. Number of permissive functions transferred to CSs	0				Internal NCDD data
		18. Total value of purpose specific transfers of funds to CSs (through conditional grant purposes)	0				Internal NCDD data

Appendix 5 Table 8: Sub-Programs 2 and 3 Results Framework

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
2.1. Set up and staff SNAs and 2.2. Improve SNA system operating conditions	Staff in place according to organizational structures and establishment	1. Vacancy rate	100%				Data to be collected from Payroll data and HR MIS systems (HRMIS). Calculated as the number of staff in post divided by the number of posts. Disaggregated by each SNA and comparing Provinces, DMs, and CSs; should also compare broad classifications of positions (upper level management, mid-level management, etc)
		2. Comparative vacancy rate for "hard to reach" areas as a % of more accessible ones	N/A				Calculated as the occupancy rate in remote ("hard to reach areas") as a % of the occupancy rate in more accessible areas.
		3. % of SNA staff having at least a university degree					Data from national HRMIS. Disaggregated by each SNA and comparing Provinces, DMs, and CSs
		4. % of staff who are female					Data from national HRMIS. Disaggregated by each SNA and comparing Provinces, DMs, and CSs; should also compare broad classifications of positions (upper level management, mid-level management, etc)
	National organizations have the capacity to exert effective legality control vis a vis SNAs	5. Number of SNAs inspected for compliance with HR management and administrative rules and regulations	0				Results from compliance inspections developed under SP1. To be disaggregated by type or classification of DM
		6. Number of SNAs whose HR management and administrative standards were assessed	0				Results from management standards assessment s developed under SP1. To be disaggregated by DM
2.3. Capacity Development	SNAs have the capacity to manage their HR and administrations and are the tools and systems as expected	7. Total number of person days of training provided to DMs					Disaggregated by recipient of training, type of training and training provider
		8. % of staff working at SNAs who were recruited by SNAs					Disaggregated by each SNA and comparing Provinces, DMs, and CSs;
		9. % of DMs receiving at least 5 complaints from citizens					This indicator aims to monitor whether complaints handling systems are functional and have some level of confidence of citizens.
		10. Number of administrative staff disciplined through council order					
		11. Average competency assessment score (*)	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
		12. Average compliance inspection score (*)(for HR and administration)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. Disaggregated by compliance domain (area) and type or classification of DM
		13. Average management standards assessment score (*)(for HR and administration)	N/A	↑	↑	↑	Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations
2.4. Improve SNA facilities	Facilities constructed and equipment provided according to plan	14. Cumulative Number of DMK offices refurbished	0	20	86	193	Data from sub-program 2 administrative records
		15. Cumulative Number of Provincial offices refurbished	0	4	14	24	As above

Appendix 5 Table 9: Sub-Program 4 Results Framework

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
4.1. Policy and legal framework for SNA Financing Mechanisms	SNAs have improved access to financial resources through a transparent transfer system	1. Total Per Capita disbursement (in $US) into all government SNA fiscal transfer systems					MEF statistics. Disaggregated by funding mechanism (DM, CS, SNIFF, etc). Per capita US dollar measures are used to capture the "real level" of transfers
		2. Total sub-national expenditure as a % of total government expenditure					
		3. % of Provincial budgets which are formula based	0%				Internal MEF statistics
	SNAs are more financially autonomous	4. % of fiscal transfers to SNAs that are unconditional					Data will be disaggregated by type of SNA (D, M, C, S)
		5. SNA own-source revenues as a % of total SNA revenues					Data will be disaggregated by type or classification of DM (D, M, Urban, Rural, etc.)
	Financial resources provided to SNAs are used effectively including those piloted in the functional re-assignments	6. Average EIRR of sampled SNA investments (*)	49% (08)	>= 15%	>= 15%	>= 15%	Based on a sampling of investments as undertaken in Abrams (2009). EIRRs (Economic Internal Rates of Return) will be disaggregated by type of SNA (Province, DM, or CS) and type of investment.
		7. Average EIRR for investments delivered through government systems as a % of the IRR delivered through other mechanisms (*)	N/A	>=90%	>=90%	>=90%	
		8. % of SNAs evaluated as managing and reporting on finances according to rules, regulations and standards of the pilot	N/A	>=90%	>=90%	>=90%	Derived from a review of the pilot functional re-assignments comparing service delivery between decentralized processes (SNAs) and Line Ministry arrangements.
4.2. SNA financial management and financial accountability systems and procedures, and 4.3. SNA capacity for (a) financial management and (b) financial accountability	SNAs have the capacity to manage their financial resources, are using financial management tools and systems as expected, and financial management is effective	9. Total number of person days of training provided					Disaggregated by recipient of training, type of training, provider
		10. % of DMs with an internal auditor meeting all necessary qualifications					Disaggregated by type or classification of DM
		11. Average competency assessment score (*)	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
		12. % of DMs whose financial statements were categorized as "without reservation" in independent audits by the NAA (*)					Disaggregated by type or classification of DM (D, M, Urban, Rural, etc)
		13. Average value of expenditures queried (questioned) by the NAA as a % of total DM expenditures					Compares the size of questionable expenditures to the overall level of expenditures. Disaggregated by SNA
		14. Average financial management compliance inspection score (*)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. To be disaggregated by compliance domain (area) and type or classification of DM
		15. Average financial management standards assessment score (*)	N/A	↑	↑	↑	Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations
4.4. Central institutions capacity for support and supervision	National organizations have the capacity to exert effective legality control vis a vis SNAs	16. Number of SNAs whose accounts were audited and results made available to the public	24				From the National Audit Agency, disaggregated by type of SNA. Figure covers Provinces (24) and DMs
		17. Number of SNAs inspected for compliance with financial management rules and regulations	0				Results from compliance inspections developed under SP1. To be disaggregated by type or classification of DM
		18. Number of SNAs whose financial management standards were assessed	0				Results from management standards assessment s developed under SP1. To be disaggregated by DM
		19. Average delay (in days) for disbursement of funds through decentralized funding arrangements					From treasury records

Appendix 5 Table 10: Sub-Program 5 Results Framework

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
5.1. Developing the Planning Systems of SNAs	Computerized planning tools designed and used. Tools will take an integrated perspective on planning	1. % of planned SNA outputs/deliverables reported in SNA M&E system which have complete quarterly monitoring data		50%	60%	70%	Complete monitoring data is defined as having data for all quarters including: the planned and actual physical quantities for all outputs/deliverables, the planned and actual costs of producing each output/deliverable, and the planned and actual completion dates for producing each output/deliverable. This indicator is also used for Sub-program 1
		2. % of required CDB indicators which were collected					Calculated as the number of non-zero data entries divided by total number of required entries (number of indicators × number of CSs)
		3. Number of downloads of the full CDB indicator set			100	100	These indicators assume the data sets are available on the internet and their downloads can be tracked. The downloading of data indicates a demand for the information
		4. Number of downloads of the full SNA planning dataset			100	100	
5.2. Building SNA planning capacity	SNAs have the capacity to plan and the tools and systems designed for planning are used as expected and are effective	5. Total number of person days of training provided to SNAs					Disaggregated by recipient of training, type of training and training provider
		6. Total number of citizens participating in SNA planning activities					Disaggregated by each SNA and comparing Provinces, DMs, and CSs. It is assumed this data will be placed in the revised CDB.
		7. % of proposed CS projects that could be fully tracked for approval during DIW workshops			100%	100%	Currently CS projects or outputs cannot be fully tracked during the DIW workshop process because Line Ministries and other organizations may implement similar projects but these projects are not linked back to CS proposals since the wording of the project are different.
		8. % of % of identified Commune priorities (Temporary Agreements) that are implemented	24% (09)	50%	50%	50%	Data from the CPDB. The indicator was used by the PSSD and tracked successfully for the last 3 years.
		9. Average competency assessment score (*) for planning	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
		10. Average compliance inspection score (*)(for planning)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. Disaggregated by compliance domain (area) and type or classification of DM
		11. Average management standards assessment score (*)(for planning)	N/A	↑	↑	↑	From the management standards assessment s developed under SP1. To be disaggregated by domain and DM, and separating capacity from operations

Appendix 5 Table 11: Sub-Program 6 Results Framework

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
6.1. Development of an 'Association' of District, Municipal and Khan Councils	Association is operational, sustainable and providing quality services to its members	1. Staffing vacancy rate		25%	0%	0%	Measures whether desired staff are in place, according to the strategic plan and organizational structure and list of established posts
		2. % of operating costs covered by DMK contributions and payment for services	0%				This aims to measure the sustainability of the association by looking at the revenues it collects from its clients. This is assumed to be in the form of membership dues and payment for services.
		3. Percentage of DMKs provided direct services through contracts signed between DMKs and the Association	0%				This looks at the coverage of services, where direct services are assumed to be arranged through contracts (the Association's lobbying efforts are considered "indirect" services and to be paid for through contributions
		4. % of DMKs satisfied with the Associations operations and services	N/A	70%	80%	90%	As part of the strategic planning process it is assumed some form of service delivery survey is implemented

6.   M&E WORK PLAN

6.1.   The Work Plan

This brief chapter develops an initial work plan for the two M&E units. It is contained below.

Appendix 5 Table 12: M&E Work Plan

Activity	Time Frame	Section Reference
Research Evaluation and Document Office under the Policy Unit		
1. Influence the EU Space Governance Perception Survey to ensure it fits with the IP3 framework	Start immediately	4.5
2. Make institutional arrangements for holding policy forum	Second half of 2011	4.2, 7.6
3. Prepare Policy Forum Inputs for Quarter 1 (report on Fiscal Decentralization, Financial Management, and the devolution of functions	Ongoing, but probably to start in 2012	As above
4. Prepare Policy Forum Inputs for Quarter 2: Local Governance and Democracy	Ongoing, but probably to start in 2012	As above
5. Prepare Policy Forum Inputs for Quarter 3: SNA planning, HR management, administration, and capacity	Ongoing, but probably to start in 2012	As above
6. Prepare Policy Forum Inputs for Quarter 4: SNA Service delivery and citizen welfare	Ongoing, but probably to start in 2011 (this may be the first one implemented)	As above
7. Procure and oversee annual studies on EIRRs (*)	Annual, beginning date depends on when policy forum begin	4.3.2
8. Undertake a meta analysis of service delivery surveys (collect and compare results and trends)	Annual, beginning in 2011	4.4.1
9. Procure and oversee local governance surveys (*)	End of 2010 (EU Space) and annually repeated in the last quarter of each year	4.5
10. Provide data for the Outcome-Impact results framework for annual reports prepared by the Program Monitoring Reporting and IT Support Office under the Program Support unit	Last quarter of each year, as part of the annual report	Appendix 5 Table 3
11. Assist Sub-Program 1 with the design of pilot functional reassignments using a control and treatment group approach (build their capacity to do so) (*)	2012	4.4.2
12. Assist the iterative design process to ensure indicators are collected upon its completion (*)	2011, across several sub-programs	4.6
13. Assist with the design of compliance inspection routines, to ensure indicators are well designed (*)	2011	3.2, 7.5
14. Assist with the design of management standards assessments, to ensure indicators are well designed (*)	2011-12	3.3, 7.5
15. Prepare a league tables using a database	Ongoing beginning 2011	
National Program Monitoring Reporting and IT Support Office under the Program Support unit		
1. Collect baseline and target values for indicators in this document. Revise according to final availability	Start immediately and complete by Dec 2010	Appendix 5 Table 3, Table 7 to Table 11
2. Support program management to prepare AOPBs	Start immediately and complete 2011 AOPB by	2.2.1

Activity	Time Frame	Section Reference
	Dec 2010	
3. Prepare quarterly and annual implementation reports which cover both sub-program implementation and reporting on use of C/S, D/M and SNIF funding arrangements		2.2, 2.3
4. Support the development of an MIS system to monitor sub-program implementation (Financial Management and Performance Monitoring) (*)	Start immediately and complete by April 2011	2.5, 7.4
5. Develop processes and tools to monitor training		2.2.2
6. Support the development of an MIS system to monitor SNA implementation (Financial Management and Performance Monitoring) (*)	2011	
7. Support the SNA Advisory Unit to develop a process of field visits and internal reporting		2.4
8. Support Provincial M&E Officers to undertake their tasks; train them on all systems used to ensure quarterly reporting		

Note: * with the assistance of consultants

7.   ANNEX

7.1.   Introduction

This annex contains supplementary information referred to in the main text. Section 0 is a bibliography. Section 7.3 provides tips on how to provide details on deliverables during the process of creating an Annual Operational Plan and Budget. It describes how each deliverable could be made more specific, measurable, etc. Section 7.4 describes tips on writing Terms of Reference for computerized systems in the IP3.

7.2.   Bibliography

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7.3.   Deliverables List

During the process of creating Annual Operational Plans and Budgets the deliverables will have to be made more SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) and activities or tasks may need to be designed. The table below provides some tips on what additional information may be required to do so.

Appendix 5 Table 13: Reporting Details for IP3 implementation

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
1.1.1.1. Anukrets (see list in Annex ....)	AOPB/Monitoring to describe how many Anukrets will be created. Reporting will list each Anukret created and the date (month) it was created
1.1.1.2. Prakas (see list in Annex.....)	As above
1.1.1.3. Map identifying priority legislation and regulations to be aligned with the OL	Reporting will list all legislation and regulations identified and what the nature of the expected changes are.
1.1.1.4. Key legislation aligned	As above, but reporting will describe when each legislation or regulation was changed and what the major changes were
1.2.1.1. NCDD resolution setting policy development process and institutions adopted	

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
1.2.1.2. Organizational Chart of NCDD-S revised and adopted	
1.2.1.3. All staff of the Policy (PU) and Inter Ministerial (IMU) Units of NCDD-S recruited	AWPB and to describe the total number of staff to be recruited. Reporting to describe when each cadre of staff was recruited.
1.2.1.4. NCDD-S Staff/Advisors incorporated to all WG of the NCDD Sub-Committees	
1.2.1.5. All staff of the Program Support Unit (PSU) of NCDD-S recruited	AWPB and to describe the total number of staff to be recruited. Reporting to describe when each cadre of staff was recruited.
1.2.1.6. Signed Implementation agreements between NCDD and MOI,MOP,MEF	Reporting to describe when each agreement was signed
1.2.1.7. NP/IP3 AWPB (both National and Provincial) approved by NCDD	Reporting to be "by exception," i.e. to list which AWPBs were not approved on time and why
1.2.1.8. Sub-national network of NCDD-S managed National Program Advisers (NPA) trained and deployed	AWPB to describe how many staff will be trained and deployed. Reporting to describe when and how many various cadres were trained, what they were trained in and when they were deployed.
1.2.1.9. NP/IP3 Monitoring and Evaluation System set up and operating	Reporting to describe the general functions of the system and how it is operating (i.e. who is entering data and which kind of data is being entered)
1.2.1.10. A regional study tour to observe existing SN authorities' performance monitoring systems is realized by NCDD-S, MOI, MOP, MEF staff.	AWPB to describe how many staff will go on the study tour, where the study tour will go, and how long the study tour is expected to be.
1.2.1.11. A SNA performance monitoring system is developed and managed by NCDD-S (Research and Documentation Office)	Reporting will describe the general system development process and then what stage of operationalization it is at: how many people were trained in its use, which SNAs are using it, etc. The wording of the deliverable in the AWPB should be "SNA performance monitoring system ..rolled out to X SNAs by..date."
1.2.1.12. SNA-PMS Training materials developed	See the above
1.2.1.13. NCDD-S and SNA staff trained in operating the SNA-PMS	Should specify how many SNAs and how many staff
1.2.1.14. A policy options paper is produced on the establishment of a semi-autonomous SNA Observatory	Reporting should describe what the result of the policy options paper was. What was agreed and by whom?
1.2.1.15. Policy and Technical Options paper on establishment of the NTC-SNA	As above.
1.3.1.1. Policy paper outlining the scope, modalities, resources and timeframe for a "whole-of-government" Functional Review (FR) process, developed by the NCDD-Secretariat and cleared by the NCDD	Reporting should describe the general content of the policy paper. Which sectors were identified as being feasible, what the work plan is and so forth.
1.3.1.2. Sector Studies carried out for priority sectors	If it is know which sector studies will be undertaken the AWPB should specify them. Reporting will list which studies were carried out (i.e. which sectors were completed), by whom, and when.
1.3.1.3. Sector-specific Functional Reassignment Implementation Plans (FRIP) adopted by NCDD	As above specifying which sectors will re-assign, in which SNAs and when
1.3.1.4. Studies and contract documentation for delegation of functions to D/M	Reporting to summarize the results of the studies
1.3.1.5. Pilot "contractual delegation" arrangements for services delivery by D/M SNA implemented and evaluated	Reporting to describe which services were delegated, using which type of contracting and in which SNAs. Also it should outline the results of the pilot, what was concluded and make reference to the availability of the report. The results framework uses these findings as a key performance indicator.
1.3.1.6. Study on "permissible functions" immediately transferable to Communes/ Sangkats	Report to list which functions were transferable and when they were transferred.

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
1.3.1.7. Pilot conditional transfers mechanisms to support "permissive functions" implemented in selected C/S	See the reporting arrangement for deliverable 1.3.1.5 above
2.1.1.1. D/M/Ks fully staffed as set out in Anukret	The AWPB should specify how many staff are expected to be at D/M/Ks, for example "XXX staff transferred to DMKs and in post." Reporting should describe how many staff are in post, by major cadre against the targets (and when). Data is used in the SP2 results framework.
2.1.1.2. New Salakhet fully staffed as set out in Anukhret	As above
2.1.1.3. AWG staff are located in the Salakhet structure	As above
2.1.1.4. SNA staff reporting to Governors and subject to formal (temporary) code	As above
2.1.1.5. Personnel Division have procedures for management of staff within the new Salakhet	Reporting should describe which procedures are in place and, broadly, what the procedures specify.
2.1.1.6. Deconcentrate HR management to provinces and D/M	Reporting should describe which HR functions were deconcentrated and when.
2.1.1.7. NP-IP3 related posts defined and POC system in place	The AWPB should specify how many posts are to be defined and how many staff are to receive POC (or how many staff-months of POC will be paid). Reporting will describe which staff members were in posts and how many staff-months of POC were paid.
2.2.1.1. National HR strategy for SNA Staff developed	Reporting should describe the general contents of the strategy, when it was completed and what its main implications are expected to be
2.2.1.2. Draft Civil service code prepared	As above (describe contents, dates, implications)
2.3.1.1. OD Manual for Facilitators to deliver OD interventions developed with consultation of relevant stakeholders.	As above
2.3.1.2. OD strategy for District and Municipality Administrations developed.	As above
2.3.2.1. OD concepts and strategy and its relevance to reform of SNAs will be understood at national and provincial levels.	As above
2.3.2.2. OD Capacity of a National Team to support and coordinate OD interventions at provincial levels is built and strengthened	As Above
2.3.2.3. OD interventions delivery at Provincial level supported by National Team	AOPB and reports to describe how many provincial officers were trained or capacitated, in what, when and for how long
2.3.2.4. OD Capacity of selected Provincial OD Facilitators to directly deliver OD interventions and support to Districts and Municipalities built and strengthened	As above
2.3.3.1. OD Interventions to District and Municipality Administrations delivered by Provincial OD Teams	Description of all training and capacity building provided. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
2.3.3.2. Organizational Capacity of District and Municipality Administration is enhanced through improved organizational capacity over time	As above
2.3.3.3 Specific OD interventions to specific District/Municipality based on identified needs found in OD Assessment of each District and Municipality	As above
2.3.3.4. Specific OD interventions provided by Provincial OD Facilitator Teams creating on-going learning relationships and OD	As above

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
support	
2.3.4.1. Undertake a scoping study to investigate the desirability and feasibility of establishing a National Institute of Local Government	Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
2.4.1.1. Construct/refurbish 193 D/M/K offices	Reporting will describe which offices were refurbished, where, when and at what cost
2.4.1.2. Construct/refurbish 24 Provincial offices	As above
3.1.2.1. Accountability framework for SNAs	Reporting should describe the general contents of the framework, when it was completed and what its main implications are expected to be
3.1.2.2. Policies for Human Resources Management, Development, Employment and Compensation, which are gender-sensitive and promote gender equity	As above (content, date, implications)
3.1.2.3. Management Framework for Developing Capacity of the SNA personnel	As above
3.1.2.4. Law on Sub-National Personnel	As above
3.1.2.5. Sub-Decree on ….	As above
3.1.2.6. Scheme of Service for ….	As above
4.1.1.1. A policy paper outlining the principles, strategy and options for the design of adequate mechanisms for financing SNA operation and development expenditures.	As above
4.1.2.1. General purpose funding mechanism design (D/M Fund)	AOPB and Reporting should describe when the fund is expected (was actually) operational and what its level of funding was, such as "D/M fund operational with contributions of XXX per capita"
4.1.2.2 Enabling legal instrument (Sub-Decree and implementing regulations)	AOPB to be more specific on which sub-decree and regulations. Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
4.1.2.3. Periodic monitoring of the DM Fund operation	
4.1.3.1. A project-financing mechanism design	AOPB and Reporting should describe when the fund is expected (was actually) operational and what its level of funding was, such as "SNIF operational with contributions of XXX per capita"
4.1.3.2. Enabling legal instrument (Sub-Decree and implementing regulations)	AOPB to be more specific on which sub-decree and regulations. Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
4.1.3.3. Periodic monitoring of the financing mechanism operation	
4.1.4.1. Purpose-specific grant mechanism design	AOPB and Reporting should describe when the fund is expected (was actually) operational and what its level of funding was, such as "Purpose Specific Fund operational with contributions of XXX per capita"
4.1.4.2. Enabling legal instrument (Sub-Decree and implementing regulations) – if needed	AOPB to be more specific on which sub-decree and regulations. Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
4.1.4.3. A pilot design	AOPB to be more specific on what the pilot is; reporting to describe the results and conclusions of the pilot and to reference its availability on the internet
4.1.4.4. Periodic monitoring of the pilot implementation	As above
4.1.5.1. Policy paper outlining the rationale and modalities for the financing of tasks delegated by national agencies to SNA	Reporting should describe the general contents of the policy paper, when it was completed and what its main implications are expected to be

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
4.1.5.2. Draft regulation on contractual financing	As above
4.1.5.3. A pilot design	AOPB to be more specific on what the pilot is; reporting to describe the results and conclusions of the pilot and to reference its availability on the internet
4.1.5.4. Periodic monitoring of the pilot implementation	
4.1.6.1. Policy paper (rationale, general principles and options for establishing own-source revenues for SNA)	Reporting should describe the general contents of the policy paper, when it was completed and what its main implications are expected to be
4.1.6.2. Draft regulation(s) on non-tax revenue sources	Reporting should describe the general contents of the regulations, when it was completed and what its main implications are expected to be
4.1.6.3. Study on the relevance and feasibility of tax-revenue sources for SNA	As above (content, date, implications, purpose)
4.1.7.1. Study (Review) of the CSF operation	As above
4.1.7.2. Draft revised CSF Sub-Decree and rules	As above
4.1.8.1. Study (Review) of current modalities of the provincial budget financing	As above
4.1.8.2. An improved (formula-based) modalities for financing the provincial budget	AOPB to describe when the modality will be operational and what level of funding has been agreed.
4.1.9.1. Domestic and external resources are mobilized to establish and sustain funding mechanisms for SNAs.	AOPB to describe the target level of funding.
4.2.1.1. Law on SNA Financial Regime and Property Management is enacted	Reporting should describe the general contents of the law, when it was completed and what its main implications are expected to be
4.2.2.1. Regulations and guidelines to implement the SNA Finance Regime Law are developed, enacted and applied	As above (content, date, implications, purpose)
4.2.3.1. A general framework for the SNA accountability structure: principles, institutional arrangements and implementation rules and guidelines	As above
4.2.3.2. Internal audit function established in each SNA	
4.2.4.1. Gender mainstreaming (budgeting) policy	
4.2.4.2 Procedures for gender and vulnerable groups mainstreaming in SNA budgetary process	Reporting should describe the general contents of the procedures, when it was completed and what its main implications are expected to be
4.2.4.3. Assessment of the impact of SNA budgeting policies and practices from a gender perspective (annual).	
4.3.1.1. 217 Finance Officers trained	AOPB and reporting to describe how many officers, what they were trained in, etc. See section 2.2.2 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
4.3.1.2. Training manuals covering key components of the SNA financial management system	AOPB to describe what components of the financial management systems will be covered.
4.3.1.3. Training of SNA structures (Council, Board of Governors, administration)	AOPB and reporting to describe how many officers, what they were trained in, etc. See section 2.2.2 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
4.3.1.4. 1 Finance Adviser assigned to assist the provincial administration.	AOPB and reporting to describe how many, where they were assigned and when the activity was completed (expected, actual)

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
4.3.2.1. Additional staff assigned and trained (5 per province)	As above
4.3.2.2. Office facilities and equipment for new staff	AOPB to describe which facilities and equipment
4.3.2.3. Study on the establishment of District-level treasury branches	Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
4.3.2.4. District-level treasury system pilot design (5 districts)	
4.3.2.5. Monitoring implementation of the pilot	AOPB to be more specific on what the pilot is; reporting to describe the results and conclusions of the pilot and to reference its availability on the internet
4.3.2.6. Study to assess the relevance and feasibility of testing the use of bank account by SNA	Reporting should describe the general contents of the study, when it was completed and what its main implications are expected to be
4.4.1.1. Mission and structure of the Local Finance Department revised	
4.4.1.2. Additional staff assigned and trained	AOPB and reporting to describe how many, where they were assigned and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 2.2.2 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
4.4.1.3. Mission and structure of the provincial departments of MEF revised	
4.4.1.4. Support provided to SNA Finance Officers	AOPB and reporting to describe the nature of the support provided.
4.4.1.5. Compliance control over SNA financial transactions performed	AOPB and reporting to describe how many organizations were inspected, how often they were inspected, what they were inspected in, etc.
4.4.1.6. Data base on SNA finances designed and operated	AOPB and reporting to describe the scope of the Database and how many SNAs it was rolled out to.
4.4.1.7. Annual review of SNA finances issued	Reporting should describe the general contents of the review, when it was completed and what its main implications are expected to be
4.4.1.8. Additional staff of the Department of Inspectorate trained (if any)	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 2.2.2 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
4.4.1.9. Inspection policy and tools and procedures	Reporting should describe the general contents of the policy/tools, when it was completed and what its main implications are expected to be
4.4.1.10. Periodic (and on the spot) inspection of SNA	AOPB and reporting to describe how many organizations were inspected, how often they were inspected, what they were inspected in, etc.
4.4.2.1. Additional auditors trained	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
4.4.2.2. SNA-specific audit tools and procedures	Reporting should describe the general contents of the audit tools, when it was completed and what its main implications are expected to be
4.4.2.3. All SNA audited on annual basis	AOPB and reporting to describe how many organizations were audited, how often they were inspected, what they were inspected in, etc
4.4.2.4. Annual report on key audit findings and recommendations	AOPB and reporting to describe how many reports are available and where they can be accessed

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
5.1.1.1. Revised Guidelines for provincial planning	Reporting should describe the general contents of the guidelines, when it was completed and what its main implications are expected to be
5.1.1.2. Revised Guidelines for District (and constitutive C./S.) planning	As above
5.1.1.3. Revised Guidelines for Municipalities (and constitutive S.) planning	As above
5.1.1.4. Revised Guidelines for C/K/S (Metropolitan) planning	As above
5.1.1.5. Revised national regulations on sub-national development planning	As above
5.1.1.6. Selected (25) national professionals certified as strategic planning facilitators	
5.1.1.7. SNA officers capable to organize and manage strategic planning processes	
5.1.1.8. Tested methodologies and guidelines for SN-level strategic planning	Reporting should describe the general contents of the methodologies, when it was completed and what its main implications are expected to be
5.1.1.9. SNA officers capable to manage the preparation of SNA Investment Programs	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
5.1.1.10. Tested methodologies and guidelines for SN-level Investment Programming	Reporting should describe the general contents of the methodologies, when it was completed and what its main implications are expected to be
5.1.1.11. Policy paper on integration of Development and Spatial Planning in Cambodia	Reporting should describe the general contents of the policy paper, when it was completed and what its main implications are expected to be
5.1.1.12. Pilot "Spatial Development Frameworks" developed for selected Districts and Municipalities	AOPB to be more specific on what the pilot is; reporting to describe the results and conclusions of the pilot and to reference its availability on the internet
5.1.1.13. Revised CDB to serve all SNA and central-level information needs	AOPB and reporting to describe how many SNAs use the tool and what the main changes are
5.1.1.14. Revised CPDB to serve all SNA and central-level information needs	As above
5.1.1.15. Manual for the MIS components supporting planning	Reporting should describe the general contents of the manual, when it was completed and what its main implications are expected to be
5.1.1.16. SNA officers capable of maintaining CDB and CPDB and generating relevant reports	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
5.2.1.1. Provincial Planning Manual	Reporting should describe the general contents of the manual, when it was completed and what its main implications are expected to be
5.2.1.2. Provincial Planning Training Manual	As above
5.2.1.3. Provincial Administration Officers managing all aspects of Planning process	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
5.2.1.1. District Planning Manual	Reporting should describe the general contents of the manual, when it was completed and what its main implications are expected to be
5.2.1.2. District Planning Training Manual	As above
5.2.1.3. Municipal Planning Manual	As above

Deliverable	Improvements in the AOPB (to make the deliverable SMART) plus its monitoring and reporting arrangements
5.2.1.4. Municipal Planning Training Manual	As above
5.2.1.5. District Planning Officers managing all aspects of Planning process	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
5.2.1.6. Municipal Planning Officers managing all aspects of Planning process	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
5.2.1.4. SN system Planning Evaluation report (2012)	Reporting should describe the general contents of the report, when it was completed and what its main implications are expected to be
5.2.1.5. SN system Planning Evaluation report (2013)	As above (content, dates, purpose, implications)
6.1.1.1. Protoype of council system defined	As above
6.1.1.2; Formative evaluation sites, leading to a revised system and guidelines	As above
6.1.1.3; Capacity-building materials and guidelines prepared	As above
6.1.2.1. Coaches/mentors supporting D/M/K Councils through direct contact with Councillors, moving from a "push approach" at the start of IP3 to an "on–demand" approach by the end of IP3	AOPB and reporting to describe how many were mentored and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were mentored in, etc. See section 0 above. It should describe the person days of mentoring provided, by topic, by recipient, by gender, and by provider
6.1.2.2. Staff at Provincial level, supervising and backstopping front line coaches/mentors, and liaising with other Capacity building activities based at the Provincial level.	As above
6.1.3.1. Coaches/mentors supporting C/S Councils through direct contact with C/S Councils.	As above
6.2.1.1. Revised/new constitution and strategic plan	AOPB and reporting to describe in how many SNAs and how the revised plans are different
6.2.1.2. Revised structure, and personnel and HR plan	
6.2.2.1. Increased contribution from members	AOPB and reporting to describe the level of contributions expected and realized
6.2.3.1. Increased number of staff	AOPB and reporting to describe the level of increased staff expected and realized, on a disaggregated basis (by cadre, function, gender, etc)
6.2.3.2. Improved capacity of staff (via training, etc)	AOPB and reporting to describe how many were trained and when the activity was completed (expected, actual). Reporting to describe how many officers, what they were trained in, etc. See section 0 above. It should describe the person days of training provided, by topic, by recipient, by gender, and by provider
6.2.3.3. Management capacity to provide coaching or mentoring service (OR to contract/commission and supervise/monitor a management agent)	
6.2.4.1. Represent the voice of SNA Councils in system design	
6.2.4.2. Legal services	AOPB and reporting to describe how many SNAs were targeted and how many actually received
6.2.4.3. D/M/K And C/S Council on-going support services	As above, but for support services rather than legal services

7.4.   Concept Note: Computerized Planning Systems

Currently the IP3 strategy in terms of computerized planning, budgeting, monitoring and reporting systems has not been fully elucidated. Section 2.5 spelled out an "ideal" monitoring system, which was framed by the Annual Operational Plan and Budget but included an integrated Financial Management System and Performance Monitoring System.

The first step is to agree on a common long-term vision and then build temporary solutions (short and medium term) around that. Currently, systems development is taking place by (i) patching together systems developed as part of projects, but upgrading and revising them, and (ii) developing systems for SNAs, in the absence of a clear national strategy. Systems development is taking place in house, by developing bespoked (custom designed) systems rather than looking for off-the-shelf solutions. In developing these systems it should be noted that several central ministries (MEF, MOP, MOI, Prime Minister's Office, etc) have an interest in planning, budgeting, monitoring and performance reporting, and that the longer term solution is to have these Ministries work together to develop national standards and national systems. In many countries the harmonization or coordination of the planning cycle is done through Committees, Task Forces, Working Groups (etc.) of central and sector Ministries, often facilitated though cross cutting reform programs in public administration, financial management, etc. This "concept note" attempts to identify actions that should take place in the development of a more coherent and transparent long term approach to computerized systems.

7.4.1.   Planning Cycle Software

For the purpose of this section, the "planning cycle" includes planning, budgeting, implementation, financial management (procurement, asset management, accounting, etc.), and performance monitoring (indicators, reporting on physical implementation, etc.). In most countries this process is part of national budgeting cycles or MTEFs (Medium Term Expenditure Frameworks), which tend to be output or performance based; in these cases the budget costs the "plan." Most public sector organizations would have an "MTEF" or something resembling one; in the Cambodian case (i) managers of sub-programs 1-5 (MEF, MOI, etc.) would have MTEFs of which the IP3 is a sub-set; Provinces and D/Ms would have MTEFs of which centralized funding (the D/M fund, SNIF, etc.) is a sub-set.[40] In a broad sense, the MIS problem becomes one of facilitating organizations to create "MTEFs" and to monitor their MTEF expenditures and performance.

Six elements concerning the design of ideal systems were described earlier; they were:
1. The system should (i) be designed as an organizational management tool, (ii) be a national system, be used government-wide, based on **government planning hierarchies and definitions**, and (iii) have as its basic building blocks the AOPB and chart of accounts. The chart of accounts should be developed to include performance management codes (i.e. objective, outputs, activities, inputs, etc); this is because accounting, procurement, etc., are "subsidiary" to the plan and budget. The definition of the planning hierarchy would cover codes for all levels of government and would describe all types of services: infrastructure development, policy development, recurrent services, and internal capacity building and administration. At a later date the definition of planning entities would include preparation of guidelines on typical outputs and activities on a sector-by-sector basis. The same system would be used, with some modifications and simplifications, for all levels of government.

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[40] The case of C/Ss is less clear, they would likely be part of a D/M MTEF.

2. The development of the system is "**output-driven**" in the sense that the system must produce a standard set of "reports." These reports, such as the *Planning and Budgeting Matrix* in Appendix 5 Figure 8 and the *Progress Report Matrix* in Appendix 5 Figure 10 define the data requirements and the data models of the system.

3. The systems would be **process driven**, i.e. take the organization through the steps in the national planning, budgeting, monitoring, and reporting processes. These would track approvals, edits, scrutinization, etc., as well as who was responsible for each step in the process. Therefore processes are developed before software.

4. The outputs (reports) and processes described earlier, together with the scope of the systems in terms of users, planning language, etc., would result in the creation of **user requirements**. User requirements would cover which elements of the system are transactional and web-enabled (i.e. which information would be entered remotely).

5. The system would be capable of data warehousing, rolling over plans and information across years (i.e. be **dynamically consistent**), have an adequate support process (including training), be well documented, be customizable and so forth.

6. An integrated software package would be employed and procured on a competitive basis. Where multiple systems are used, the systems would be linked based on open (transparent, well-documented) **data exchange processes** and common coding arrangements. The system(s) selected would meet all user requirements and the assessment of which system or software package to use would compare costs, system support, quality of the system, flexibility, etc.

7. There would be a comprehensive rollout plan, typically in phases starting where capacity and resources are highest, usually central government. The rollout would include training, preparation of manuals, backstopping and support processes (a help-desk), independent reviews, etc.

Appendix 5 Figure 25: An Integrated System

7.4.1.1. Organizing the Three Systems: Data Exchange and Consistency

The MIS strategy for planning, budgeting, monitoring and reporting needs to establish the data exchange mechanisms and types of systems used for annual operational plans, transactional financial management systems and performance management systems. This has been reproduced adjacently.

Appendix 5 Figure 26: Integrated Software

Systems for preparing **Annual Operational Plans and Budgets** (AOPB) has been drawn "small;" in this diagram the amount of information required is in relationship to its size. Some MIS options for deriving AOPB might be:
1. Paper
2. Excel
3. Microsoft Project
4. Custom designed ("bespoke") systems, usually in Microsoft Access or some other database.
5. Integration with FMS (Financial Management Systems), many of which have planning modules

Many decentralized "planning" systems are not web-enabled (enterprise) systems because enterprise systems are less flexible.[41]Generally, stand alone systems are used to manage this heavy degree of editing as the plan comes into place. In Microsoft Project the WBS (Work Breakdown Structure) is particularly robust and well tested and the system is excellent for assigning resources, completing schedules which have dependencies, and so forth; stand alone bespoked systems can rarely match this performance but have the advantages that export into Financial Management Systems may be easier and standard outputs and activities can be designed more readily as pull-down menus. These systems can be considered "simple log-frame makers." They may, or may not include indicators to measure each row of the planning matrix.

Once AOPBs are approved during the budget process, their data would be imported into the **Financial Management System** (or Integrated FMS).[42] This assumes the Chart of Accounts has a "performance" or planning component which lists the organization (vote, sub-vote, etc) as well

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[41] For example, if the planning system follows the format of objectives, outputs, activities, inputs and there are 5 outputs under objective 3 (3.1, 3.2, 3.3, 3.4, and 3.5) the deletion of output 3.3 would result in a renumbering of all planning entities below 3.3. If thousands of planners are querying a central server to undertake such calculations the system may be significantly slowed down and errors may result.

[42] I have considered "Enterprise Resource Planning" systems part of the IFMS.

as the planning entities (objectives, outputs, etc: both their codes and text would be arranged in some hierarchical and consistent form). Some IFMS can prepare AOPBs. Though most have planning modules, as was mentioned above, a good deal of planning is done using other systems (including paper) which are more flexible. Many IFMS systems include performance management modules which allow reporting against indicators, targets, balanced scorecards and so forth. Getting IFMS systems operational, and making sure they cover performance monitoring can take a very long time (see for example USAID, 2008). Some systems in use in the public sector include:

- Oracle: http://www.oracle.com/us/corporate/press/066184
- Free Balance: http://www.freebalance.com/products/
- SAS (various)
- ACCPAC (various)
- EPICOR (this is widespread in Africa, but the system is not very good and many countries are reconsidering their choices)

Where **performance management or monitoring systems** (PMS) are not part of the IFMS, the exchange of information is crucial. The PMS requires expenditure data based on the rows of the planning model (objectives, outputs, activities, etc) but other data is inputted by users (start dates, completion dates, physical outputs produced or indicators, and various notes, comments and explanations concerning implementation). **In robust systems the PMS is used to report at management meetings**, and this is a good indicator of its effectiveness. In some systems data is exchanged (imported) from the AOPB but this is very dangerous because during the budget approval process plans may have been further adjusted and coding of planning entities in the AOPB and IFMS system may not be in synch. For this reason some steps in the planning process are done using the PMS, in particular the development of performance targets and planned start and completion dates, though technically these are part of the AOPB. PMS are almost always web-enabled to facilitate decentralized data entry into a unified central database. Where the IFMS is weak, or where financial control is done centrally, expenditure results may be exported back into the PMS. In other cases expenditure data in entered manually into PMSs; this is currently the case in Cambodia.

Within the IP3 document, computerization is described in several contexts:

1. Under SP1, a monitoring system for the "centre" is envisioned: "*NP/IP3 M&E system* set up and operating"
   Comment: Procurement processes to purchase a single integrated financial management system, which includes planning, budgeting, and performance monitoring needs to begin immediately. The use of such a system should be seen as a pilot of the type of systems which might be applied more broadly for ministries, provinces and D/Ms. The first step in doing so is the development of simple user requirements based on outputs and processes, as outlined above.
2. Within SP1 (objective 1.2.3) an *SNA performance monitoring system* is envisioned.
3. In SP4 the issue of rolling out a computerized Financial Management System is not described. It does mention a (very briefly under 4.4.1) "*a database on SNA finances*."
4. SP5 distinguishes between long (strategic) and short term planning and between "community wide planning" (i.e. area planning) and corporate (organizational plans). It has activities for the revision of the *CDB and CDPD* under 5.1.5 ("Develop MIS and supporting SN planning systems). This repeats a lot of what is found under SP1 (objective 1.2.3) but the CDPD is not envisioned to be related to the SNA monitoring system, and this is a significant flaw in the way computerized systems have been conceived.

Comment: These three items cannot be considered separately, only the CDB can.[43]*Because financial management is not done at the organizational level, a single system for planning, budgeting and performance monitoring should be developed which meets some of the requirements outlined above. The system is likely to be a customized bespoked system but its design should be considered a temporary solution only; data exchange arrangements with treasury's FMS need to be worked out. The single system should be called an "SNA Planning, Budgeting and Performance Monitoring System." It should be used by C/Ss and D/Ms; it is assumed provinces would use the IFMS described above.*

7.4.2. Summary

A longer term solution is necessary which consists of less patching together of disparate systems designed as part of projects and a move towards more comprehensive government wide systems, which are harmonized and coordinated and which link planning, budgeting, financial management, and performance monitoring at the level of individual organizations. Such a move is consistent with a program wide approach. It is essential that NCDD and other stakeholders in the planning cycle step back a bit and think about what the long term solution should be and how an approach of "fixing things" leads to a more comprehensive long term strategy. An exit strategy for patching up disparate systems needs to be developed. The following should be done:

1. Write a longer term MIS strategy describing computerization of the planning cycle.
2. Create national mechanisms (like Task Forces) to coordinate these efforts and move towards a government wide approach
3. Immediately purchase off the shelf software for IP3 sub-program monitoring. This system should cover planning, budgeting, financial management (accounting, procurement, contracting, asset management, etc) and should be envisioned as a trial for national systems usage. The system should be web-enabled and allow decentralized entry of data. The system should be used for internal monthly meetings to discuss IP3 progress.
4. In the short term create a single planning, budgeting, and performance monitoring software system to be used by C/Ss and D/Ms. The system development process would be based on clear outputs (reports to be produced), an identification of a revised planning process, and well-defined user requirements. User requirements should be developed independently of the systems development, which would take place in house. Financial data would be either imported (electronically) from treasury or inputted by hand.
5. Investigate the feasibility of using an IFMS system at D/M and eventually C/S level (with data entered at Districts) based on the experience of the IP3 monitoring software
6. Update the CDB and other software to create a single "socio-economic database" that would also include organizational descriptors, such as revenue collection data.

7.5.   Concept Note: Compliance Inspection, Management Standards and Fiscal Formulas

Section 3 outlined a series of third-party inspection processes, most notably compliance inspections and management standards inspections. Some key elements included:

- Compliance inspection checks whether rules and regulations are being adhered to. Often times the consequence for not meeting compliance standards are disciplinary in nature. Inspection routines and indicators would be derived from legal instruments.

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[43] This is discussed below

- It is not expected that all management standards are met and standards are designed to outline a series of longer term expectations. The inspection compares current practice with standards and identifies a series of steps to be taken to improve performance. Where standards don't exist a self-assessment process can be developed as part of the OD process.
- The line between compliance inspection and management standards largely concerns consequence (failure to comply has stricter consequences, while failure to manage according to standards generally results in advice, recommendations, and capacity building). The dividing line is expected to be worked out as systems are developed.

This concept note focuses on the issue of incentives and incentive compatibility and the process for developing these instruments.

7.5.1. Incentives

The purpose of any compliance regime is not to catch and punish unwanted behavior but to deter unwanted behavior. To do so, the inspection routine needs to be credible through the design of a system of incentives. First, an accountability framework needs to link inspection results with disciplinary action. This is the "stick." Second, the distribution of resources through central funding arrangements (C/S, D/M, and SNIF) needs to be linked to compliance results. Organizations receiving scores below a certain threshold would see their funding reduced; this makes intuitive sense since an organization not adhering to rules and regulations is unlikely to use funds wisely. Third, accountability is promoted through the electoral process, where compliance results or documents used as evidence in the compliance inspection are made available to the public. To provide a prominent example, the availability of annual performance reports (to the public) are often part of compliance requirements; in this case, regulations would specify which reports need to be provided (by whom) and what the content (or format) of the reports are. To illustrate some of these concepts, an inspection of SNAs as part of the funding formula is reproduced below.

Appendix 5 Table 14: Indicators in an Inspection Routine

	Indicator	Verification
Planning		
1	Medium-term development plan formulated within established time frame	
2	Medium-term plan reviewed annually	
3	Local citizens participate in the formulation of medium term plan.	
Budgeting		
4	Draft budget is formulated in accordance with established format, classification, and process	Legality Control (Art. 36 of Draft Law on SNA Finance Regime)
5	Draft budget is prepared and approved within established time frame	Legality Control
6	Draft budget takes into consideration any conditions attached to the use of conditional transfers.	Legality Control (Art. 36 of Draft Law on SNA Finance Regime)
7	Budgeted development spending is consistent with medium term plan vision, priorities and objectives (when such plan exists)	
8	Draft budget is balanced	Legality Control (Art. 36 of Draft Law on SNA Finance Regime)
9	Consultation with local population and stakeholders during budget formulation process	Legality Control (Art. 36 of Draft Law on SNA Finance Regime)

	Indicator	Verification
10	Council has properly deliberated and approved the draft budget	Legality Control (Art. 36 of Draft Law on SNA Finance Regime)
Budget Execution		
11	Procurement of works, goods and services in done according to established standards and regulations	Monitoring by provincial authorities
12	Periodic reporting to higher level authority on budget execution in the prescribed format and time frame	Monitoring by provincial authorities
Accountability and Transparency		
13	Draft plan and draft budget are disclosed to the public ahead of the Council's deliberations	
14	Final budget (after legality control) is made public	
15	Financial information (reports, statements) and procurement decisions are posted on publicly accessible notice boards and on other communication media (where feasible)	Monitoring by provincial authorities
16	Council and procurement committee meetings are open to the public (expect in cases when deliberations require due confidentiality).	Monitoring by provincial authorities
17	Accounts are subject to annual audit by an independent auditor (National Audit Authority)	Monitoring by provincial authorities
18	Audit recommendations are monitored for implementation	Monitoring by provincial authorities

The requirement to report was described in the main body (Section 0), but public reporting is likely to take place via NCDD. In particular:

1. SNAs would supply their reports (in electronic format to NCDD)
2. NCDD would post the reports on its web-site
3. NCDD would announce in the newspaper the availability of the report and request citizens and civil society organizations to complain about any inaccuracies in the report to NCDD and to SNAs directly
4. NCDD would announce in the newspaper (and its website) the results of the compliance inspection and their consequences in terms of disciplinary action, reduction in allocations of funding, etc.

7.5.2. Institutions, Delegation and External Review

It is expected that some inspection responsibilities would be delegated. For example, provinces might inspect D/Ms and D/Ms might inspect C/Ss. This is especially important at C/S level due to the large number of C/Ss and the costs that would be involved in using central, external assessors.

However: the process of delegation presents several challenges. First, the mixing of capacity development/advisory functions with regulatory functions is always problematic.[44] Generally inspectorate roles undermine advisory roles as the inspected party has an incentive to withhold information. Second, the inspector may have incentives to inflate assessments or scores. For example, it is easier for a D/M to encourage continued funding of a C/S than to stop the flow of external funds to the C/S.

There are several solutions to the problem of inaccurate assessments by decentralized organizations. Incentives for the assessor (D/M) are created by either allocating funds to the assessor (in the form of the D/Ms general budget) based either on the performance of the assessed party (C/S) or the accuracy of the assessment. Since the former may involve many factors beyond the control of the assessor, and because an external review of the assessed party's

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[44] For example, Provinces may be both advising D/Ms and inspecting them.

performance would still be costly, it is better to link the receipt of funds of the assessor on the accuracy of its assessments. In other words, if D/Ms are assessing C/Ss, D/Ms budgets are based on how well it assesses C/Ss. To gauge this, a random sample of the assessments completed by D/Ms would be independently redone by an external assessor (for example an accounting firm) and the results compared. Knowing that a sample of assessments will be independently verified provides an incentive to D/Ms to undertake their inspections according to inspection processes and standards.

7.5.3. Developing the Instruments

The development of regulations, manuals, guidelines and funding mechanisms cannot be expected to take place "in a straight line." Though the process is likely to develop on a continual basis, over time, the need to inspect (compliance, management standards, or indicators for decentralized funding) will exist from the beginning. In terms of developing inspection tools and indicators:

1. The process should be considered "continuous" and to involve a good degree of learning through experience. Revisions should be expected as regulatory instruments (regulations, guidelines, etc) are developed. However, by the end of the IP3, inspection mechanisms should be fairly stable.

2. The likely starting point is the inspection of "minimum conditions" for calculations of formulas to allocate central funds. There are several reasons for this: (i) funds need to be disbursed based on some criteria, (ii) the number of indicators used is likely to small and manageable, and (iii) though indicators may not be based on regulations or guidelines, these can be used to develop regulations and guidelines and the experiences gained can be invaluable in creating relevant and robust compliance inspection routines. In the long run, allocation formulas should be expected to be based on compliance inspection results.

3. Compliance inspection is expected to take place before the development of management standards since regulations tend to precede guidelines and manuals, and compliance is a more urgent need.

7.6. Concept Note: Quarterly Policy Forums and report based M&E

Most people will find it easier to digest their M&E in the form of a report, though the results framework (and program document) can be used to logically formulate the questions each report needs to answer and the instruments that are required to collect data. To review, the themes of the quarterly policy forum are expected to be:

- *Quarter1:* Fiscal Decentralization, Financial Management, and the devolution of functions
- *Quarter 2:* Local Governance and Democracy
- *Quarter 3:* SNA planning, HR management, administration, and capacity
- *Quarter 4:* SNA Service delivery and citizen welfare

When studies are commissioned through the IP3, they are expected to provide an objective (quantitative) assessment of key trends as well as an explanation of the causes of these trends and possible options and recommendations to improve performance. The Evaluation, Research and Documentation Unit are expected to prepare NCDD inputs into these forums by summarizing the results of studies and surveys. The content of the IP3 presentations and reports (as well as its data collection methods) will evolve over time based on experiences in the policy forums. It is expected that in preparing these reports (synthesizing analysis from underlying studies), the Evaluation, Research and Documentation unit will work with implementers and in doing so will take a results-approach and will transfer of knowledge to sub-program managers.

At this point (based on the results framework and the evaluative questions found in Sections 2-4) the broad contents of quarterly policy reports can be fairly well anticipated. From the IP3 side, working groups (the M&E units, SP managers, etc) would be responsible for managing ToR and for organizing the data into coherent reports and presentations that (i) would be disseminated to stakeholders a few weeks before the holding of the forums and (ii) would be made available on the internet. The remainder of this section outlines some possible reporting contents for the quarterly policy forums.

7.6.1. Quarter 1: Fiscal Decentralization, Financial Management, and the devolution of functions

The report aims to provide a full description of the financial situation of SNAs. It will describe the availability of resources, patterns about the usage of resources and whether investments had positive rates of return. The report will describe how well finances are being managed at SNA level. Very roughly, possible contents of this report would be:

Appendix 5 Table 15: Possible Contents of a report on SNA finances

Report Content	Instrument: How data will be collected
Chapter 1: Introduction: Describes the purpose of the report and how it was designed and researched. Quickly reviews key issues of program implementation (so the reader knows what the IP3 did in the area of fiscal decentralization). Reviews progress on key indicators in the outcome-impact results chain. Generally, the introduction would provide the context in terms of the expected results.	
Chapter 2: Use of fiscal decentralization funds: Who received funds and at what level. Comparison of funds received by SNAs to funds received by central government. Breakdown of the use of funds (what kind of activities or projects were implemented). Trends in revenue collection. All topics will be described as trends, over time.	Data from SNA planning and performance monitoring databases
Chapter 3: Economic Rates of Return: how effective were investments at C/S and D/M level? What were their rates of return? How do these compare with projects in similar circumstances?	Study on economic rates of return
Chapter 4: Financial Management: How good is financial management? How good are accounts? Procurement? Asset Management and other areas of financial management. Are rules and regulations being adhered to? Are tools being used as expected?	Compliance inspection, management standards
Chapter 5: How can the program improve? What suggestions do citizens, councilors, administrators, CSs, and provinces have to improve financial management and the allocation of resources to SNAs?	

7.6.2. Quarter 2: Local Governance and Democracy

This is perhaps the most challenging of the quarterly policy forum reports. The outline of the report will follow the framework described in Appendix 5 Figure 24. Chapters in the report may correspond to rows (i.e. relationships between councilors-administrators, councilors-citizens, and different levels of government) or they may correspond to columns (Civic engagement and participation, transparency and availability of information, and accountability). An additional chapter concerning the effectiveness of local governance relations has also been included. Very roughly, possible contents of this report would be:

Appendix 5 Table 16: Possible Contents of a Report
on Local Governance and Democracy

Report Content	Instrument: How data will be collected
Chapter 1: Introduction: Describes the purpose of the report and how it was designed and researched. Quickly reviews key issues of program implementation (so the reader knows what the IP3 did in the area of Local Governance. Describes a framework for local governance and how the framework fits in with the chapters of the report. Reviews progress on key indicators in the outcome-impact results chain. Generally, the introduction would provide the context in terms of the expected results.	
Chapter 2: A portrait of councilors: (who are they, how many are female, how old are they, how were they elected, etc)	Standard data will be provided by each SNA through SNA MIS/M&E systems, the CDB, etc
Chapter 3: Civic Engagement, Deliberation and Participation: how are policies and decisions actually made? Are councils, in practice deliberating, and engaging civic society? What is the quality of this engagement and participation? What are councils deliberating about? How are they deliberating? Are they engaging civic society? Is evidence being used for decision making? Are counselors satisfied with the deliberative process? To what degree are Councils complying with rules and regulations (concerning deliberation). How is the relationship between councils and provinces and C/Ss in terms of participation? What are the trends?	Local governance surveys, a review of a sample of decisions made, etc
Chapter 4: Transparency and Information: Is information available internally and to citizens? Do citizens know what their councils are doing? How is information reaching citizens? How is information managed centrally: as above, are administrators creating information that can be used by councilors to make informed decisions?	
Chapter 5: Accountability: What are the perceptions of provinces and C/Ss concerning governance and accountability? Are councilors really in charge? Are administrators accountable? How do councilors interact with administrators? Are councilors satisfied with the relationship? What do administrators think of counselor's performance? Are people disciplined for poor performance or breaking rules and regulations? What are the trends?	
Chapter 6: Overall results: Are citizens satisfied (with various aspects related to governance)? What are the results of the LGI (Local Governance Indicator)? Are local policies aligned? Are citizens satisfied with policies and the direction of their councils? Are minorities being protected? Are council efficient: is there waste, corruption, etc? Are councils responsive? What are the trends?	
Chapter 7: How can the program improve? What suggestions do citizens, councilors, administrators, CSs, and provinces have to improve local governance	

7.6.3. Quarter 3: SNA planning, HR management, administration, and capacity

The report aims to provide a full description of the planning, monitoring, and reporting, HR and administrative situation at SNAs. It will describe the availability of human resources, patterns about the allocation of HR and skills and the competency of staff (where possible).   The report will describe how well SNAs plan, monitor, report, manage HR, and undertaken their administrative tasks. Very roughly, possible contents of this report would be:

Appendix 5 Table 17: Possible Contents of a report on SNA Planning, HR Management and Administration

Report Content	Instrument: How data will be collected
Chapter 1: Introduction: Describes the purpose of the report and how it was designed and researched. Quickly reviews key issues of program implementation (so the reader knows what the IP3 did in the area of fiscal decentralization). Reviews progress on key indicators in the outcome-impact results chain. Generally, provides the context in terms of the expected results.	
Chapter 2: Current state of HR at SNAs: Describes who is working at SNAs, how many staff there are, what positions they are filling, what their gender and skills are. Reviews vacancies and salary levels and compares this with Central Government. Describes the results of the competency assessments	Data from the HR MIS system used to implement the payroll.
Chapter 3: Planning, Budgeting, M&E and Performance Reporting: describes what systems and processes are used, how well each is performed, the availability of reports to the public and the effectiveness of each of the key processes. Describes the degree to which SNAs are complying with rules and regulations. What are capacities in terms of planning, budgeting, M&E and reporting? All will be discussed as trends, where historical data is available.	Management assessments, formative evaluation results, compliance inspection.
Chapter 4: HR Management: As above but covering HR management issues like recruitment, disciplinary action, training (HR development), etc.	
Chapter 5: Administration and General Management: As above but covering administrative systems, including complaints handling, the holding of meetings, etc.	
Chapter 6: How can the program improve? What suggestions do citizens, councilors, administrators, CSs, and provinces have to improve planning, HR management and overall administration of SNAs?	

7.6.4. Quarter 4: SNA Service delivery and citizen welfare

The report describes progress in improving service delivery and the welfare or well-being of citizens through SNA services. Very roughly, possible contents of this report would be:

Appendix 5 Table 18: Possible Contents of a report on SNA Service Delivery and Citizen Welfare

Report Content	Instrument: How data will be collected
Chapter 1: Introduction: Describes the purpose of the report and how it was designed and researched. Reviews progress on key indicators in the outcome-impact results chain. Generally, provides the context in terms of the expected results.	
Chapter 2: General Welfare at SNA level: Describes citizens welfare at SNA level, including poverty, social service outcomes (health, education, etc), and issues of fairness, basic rights, etc. Trends are described within the context of the CMDGs.	Data from MOP and other sources including the CDB
Chapter 3: General Service Delivery and Satisfaction with Services: describes trends in service delivery, with a focus on issues of Local Economic Development and Natural Resource Management. Reviews trends in satisfaction with service delivery	Service Delivery surveys or citizen report cards (meta analysis of others' work)
Chapter 4: Functional Reassignment: describes the successes and failures of functional reassignment; does providing services at lower levels improve the efficiency and quality of service delivery?	Results of functional reassignment pilots
Chapter 5: How can the program improve? What suggestions do citizens, councilors, administrators, CSs, and provinces have to improve service delivery and make SNAs more effective as service delivery organizations.	

7.7. Notes on the CMDG and impact indicators

In the PSDD logframe indicators at the higher end of the results chain were not tied to the CMDGs. There are 106 specific targets in the Cambodian Millennium Development Goals, organized into 9 goals and 25 targets. In the development of the IP3 results framework, two broad options were considered: (i) track the CMDGs as an aggregate by doing a meta-analysis (through the CDB or covering all indicators) and/or (ii) select a few key indicators that seem most relevant for local government. The latter approach was employed in the PSDD LFA. The section below describes why tracking all CMDG indicators is not feasible.

7.7.1. Meta-Analysis

Using the UNDP's "Current Status of Cambodian Millennium Development Goals (CMDG)" (September 2010) it is possible to get an overall measure of whether Cambodia is on track. Of the 106 specific targets there is data for 52 indicators; however some measures were slightly revised so data exists for 56 indicators (see the table at the end of this section). Data collection is not very timely; for example, 29 of the 56 indicators were last measured during 2008 or earlier.[45] The report classifies an indicator as being:
- On track, if its deviation is less than -5% or positive (from its target)
- Slow, if its deviation is between -25% and -5% of its target
- Off-track, if its deviation is more than – 25% from its target

Appendix 5 Figure 27: CMDG Overall Progress

Looking at the 56 indicators, the following meta-indicators can be derived:
1. **% of CMDGs on track: 52%**
2. **Average CMDG Score (On track = 1, slow = 0, Off-track = -1): 0.25**[46]

These meta-indicators give a good indication of where Cambodia is in terms of its CMDGs, but they have several limitations:
1. They will move quite slowly, since data is only updated periodically
2. The data set may change over time, so unless a standard "basket" of indicators are used, the movement of the meta-indicators may reflect differences in data collection
3. All indicators are weighted equally, so, the "% of women in commune councils" is counted the same as "maternal mortality rates"

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[45] Data from 2008/09 was considered to be after this break off point.
[46] =% on track - % off track

7.7.2. A review of the CMDG Indicators

CMDG indicators are summarized below (where 1 = Yes, 0 = No).

Appendix 5 Table 19: CMDG Indicators

CMDG / Target	Score	Latest Data Period	Most Recent Value	On Track	Slow	Off Track	Un-known
CMDG 1: Eradicate extreme poverty and hunger							
Target 1.1: Decreasing the proportion of people whose income is less than the national poverty line from 39% in 1993 to 19.5% in 2015	1	2007	29.50%	1	0	0	0
Target 1.2: Increasing the share of poorest quintile in national consumption from 7.4% in 1993 to 11% in 2015	-1	2007	6.60%	0	0	1	0
Target 1.3: Decreasing the proportion of working children aged between 5-17 years old from 16.5% in 1999 to 8% in 2015				0	0	0	1
Target 1.5: Decreasing the proportion of population below the food poverty line from 20% in 1993 to 10% in 2015	0	2007	18%	0	1	0	0
Target 1.6: Decreasing the prevalence of stunted (height for age <2 SD) children under five years of age from 44.6% in 2000 to 22% in 2015	1	2008	39.50%	1	0	0	0
Target 1.7: Decreasing the prevalence of wasted (weight for height <2 SD) children under five years of age from 15% in 2000 to 9% in 2015	0	2008	8.90%	0	1	0	0
New 1.7.1: % Underweight	1	2008	28.80%	1	0	0	0
Target 1.8: Increasing the proportion of households using iodised salt from 14% in 2000 to 90% in 2015				0	0	0	1
CMDG 2: Achieve universal nine year basic education							
Target 2.1: Improving net admission rate from 81% in 2001 to 100% in 2010				0	0	0	1
Target 2.2: Improving net enrolment ratio in primary education from 87% in 2001 to 100% in 2010	1	2009/10	94.80%	1	0	0	0
New 2.2.1: Primary School Repetition Rate	0	2008/09	8.90%	0	1	0	0
New 2.2.3: Primary School Drop Out Rate	0	2008/10	8.30%	0	1	0	0
Target 2.3: Improving net enrolment ratio in lower-secondary education from 19% in 2001 to 100% in 2015	-1	2009/10	31.90%	0	0	1	0
New2.3.1: Completion Rate for Lower Secondary	-1	2008/09	48.70%	0	0	1	0
Target 2.4: Reducing the proportion of 6-14 years old out of school from 35% in 1999 to 0% 2015	-1	2008	19.81%	0	0	1	0
Target 2.5: Increasing the survival rate from grade 1 to 5 from 58% in 2001 to 100% in 2010				0	0	0	1
Target 2.6: Increasing the survival rate from grade 1 to 6 (last grade of primary cycle) from 51% in 2001 to 100% in 2010				0	0	0	1
Target 2.7: Increasing the survival rate from grade 1 to 9 (last grade of basic cycle) from 33% in 2001 to 100% in 2015				0	0	0	1
Target 2.8: Increasing the literacy rate of 15-24 years old from 82% in 1999 to 100% in 2015	0	2008	87.47%	0	1	0	0
Target 2.9: Improving the ratio of girls to boys in primary education from 87% in 2001 to 100% in 2010	1	2009/10	99.60%	1	0	0	0
Target 2.10: Improving the ratio of girls to boys in lower-secondary education from 63% in 2001 to 100% in 2010	1	2009/10	112%	1	0	0	0
CMDG 3: Promote gender equality and women's empowerment							
Target 3.1: Improving the ratio of girls to boys in upper secondary education from 48% in 2001 to 100% in 2015	1	2008/09	72.90%	1	0	0	0
Target 3.2: Improving the ratio of girls to boys in tertiary education from 38% in 2001 to 85% in 2015	0	2008/10	57.50%	0	1	0	0
Target 3.3: Improving the ratio of literate females to males 15-24 years old from 87% in 1998 to 100% in 2010	1	2008	96%	1	0	0	0
Target 3.4: Improving the ratio of literate females to males 25-44 years old from 78% in 1998 to 100% in 2010	0	2008	86%	0	1	0	0

CMDG / Target	Score	Latest Data Period	Most Recent Value	On Track	Slow	Off Track	Un-known
Target 3.5: Increasing the female share in wage employment in agriculture (primary sector) from 35% in 1998 to 50% in 2005	1	2008	56%	1	0	0	0
Target 3.6: Increasing female share in wage employment in industry (secondary sector) from 44% in 1998 to 50% in 2005	1	2008	44%	1	0	0	0
Target 3.7: Increasing the female share in wage employment in services (tertiary sector) from 21% in 1998 to 50% in 2015	0	2008	30%	0	1	0	0
Target 3.8: Increasing the proportion of seats held by women in the National Assembly from 12% in 2003 to 30% by 2015	1	Current		1	0	0	0
Target 3.9: Increasing the proportion of seats held by women in the Senate from 13% in 2003 to 30% by 2015	-1	Current		0	0	1	0
Target 3.10: Increasing the proportion of female ministers from 8% in 2003 to 15% by 2015	1	Current		1	0	0	0
Target 3.11: Increasing the proportion of female secretaries of state from 6% in 2003 to 18% by 2015	-1	Current		0	0	1	0
Target 3.12: Increasing the proportion of female under secretaries of state from 5% in 2003 to 20% by 2015	-1	Current		0	0	1	0
Target 3.13: Increasing the proportion of female provincial governors from 0% in 2003 to 10% by 2015	0	Current		0	1	0	0
Target 3.14: Increasing the proportion of female deputy provincial governors from 1% in 2003 to 15% by 2015	1	Current		1	0	0	0
Target 3.15: Increasing the proportion of seats held by women in commune councils from 8% in 2003 to 25% by 2015	0	Current		0	1	0	0
Target 3.16: Increasing the proportion of cases of domestic violence counselled by qualified personal to 100 by 2015				0	0	0	1
Target 3.17: Increasing the population percentage aware that violence against women is wrongful behaviour and a criminal act to 100 by 2015	1	2009	67%	1	0	0	0
Target 3.18: Developing and implementing laws against all forms of violence against women and children according to international requirements and standards by 2005				0	0	0	1
Target 3.19: Collecting annual statistics to monitor violence against women by 2005				0	0	0	1
Target 3.20: Developing and Implementing a Prevention Plan by 2005				0	0	0	1
CMDG 4: Reduce child mortality							
Target 4.1: Reducing the under-five mortality rate from 124 in 1998 to 65 per 1,000 live births by 2015	1	2008	60	1	0	0	0
Target 4.2: Reducing infant mortality rate from 95 in 1998 to 50 per 1,000 live births by 2015	1	2005	83	1	0	0	0
Target 4.3: Increasing the proportion of children under 1 year immunized against measles from 41.4% in 2000 to 90% by 2015				0	0	0	1
Target 4.4: Increasing the proportion of children aged 6-59 months receiving Vitamin A capsules from 28% in 2000 to 90% by 2015				0	0	0	1
Target 4.5: Increasing the proportion of children under 1 year immunized against DPT3 from 43% in 2000 to 90% by 2015				0	0	0	1
Target 4.6: Increasing the proportion of infants exclusively breastfed up to 6 months of age from 11.4% in 2000 to 49% in 2015				0	0	0	1
Target 4.7: Increasing the proportion of mothers who start breast-feeding newborn child within 1 hour of birth from 11% in 2000 to 62% in 2015				0	0	0	1
CMDG 5: Improve maternal health							
Target 5.1: Reducing the maternal mortality ratio from 437 in 1997 to 140 per 100,000 live births in 2015	-1	2008	461	0	0	1	0

CMDG / Target	Score	Latest Data Period	Most Recent Value	On Track	Slow	Off Track	Un-known
Target 5.2: Reducing the total fertility rate from 4 in 1998 to 3 in 2015	1	2008	3.1	1	0	0	0
Target 5.3: Increasing the proportion of births attended by skilled health personnel from 32% in 2000 to 80% in 2015				0	0	0	1
Target 5.4: Increasing the proportion of married women using modern birth spacing methods from 18.5% in 2000 to 60% by 2015				0	0	0	1
Target 5.5: Increasing the percentage of pregnant women with 2 or more ANC consultations from skilled health personnel from 30.5% in 2000 to 90% in 2015				0	0	0	1
Target 5.6: Reducing the proportion of pregnant women with Iron Deficiency Anaemia from 66% in 2000 to 33% in 2015				0	0	0	1
Target 5.7: Decreasing the proportion of women aged 15-49 with BMI<18.5Kg/Sq. meter from 21% in 2000 to 8% in 2015				0	0	0	1
Target 5.8: Decreasing the proportion of women aged 15-49 with Iron Deficiency Anaemia from 58% in 2000 to 19% in 2015				0	0	0	1
Target 5.9: Increasing the proportion of pregnant women who delivered by Caesarean Section from 0.8% in 2000 to 4% in 2015				0	0	0	1
CMDG 6: Combat HIV/AIDS, malaria and other diseases							
Target 6.1: Reducing HIV prevalence rate among adults aged 15-49 from 2.6% in 2002 to 1.8% in 2015	1	2008	0.90%	1	0	0	0
Target 6.2: Reducing the HIV prevalence rate among pregnant women aged 15-24 visiting ANC from 2.7% in 2002 to 1.5% in 2015				0	0	0	1
Target 6.3: Increasing the condom use rate among commercial sex workers during last commercial sexual intercourse from 91% in 2002 to 98% in 2005				0	0	0	1
Target 6.4: Increasing the percentage of young people aged 15-24 reporting the use of a condom during sexual intercourse with a non-regular sexual partner from 82% in 2002 to 95% in 2015				0	0	0	1
Target 6.5: Increasing the proportion of condom use reported by married women who identified themselves at risk from 1% in 2000 to 10% in 2015				0	0	0	1
Target 6.6: Increasing the percentage of HIV infected pregnant women attending ANC receiving a complete course of antiretroviral prophylaxis to reduce the risk of MTCT from 2.7% in 2002 to 50% in 2015				0	0	0	1
Target 6.7: Increasing the percentage of people with advanced HIV infection receiving antiretroviral combination therapy from 3% in 2002 to 75% in 2015				0	0	0	1
Target 6.8: Decreasing the malaria case fatality rate reported by public health sector from 0.4% in 2000 to 0.1% in 2015	1	2008	0.35%	1	0	0	0
Target 6.9: Increasing the proportion of population a t high risk who slept under insecticide-treated bed nets during the previous night from 57% in 2002 to 98% in 2015				0	0	0	1
Target 6.10: Decreasing the number of malaria cases treated in the public health sector per 1 000 population from 11.4 in 2000 to 4.0 in 2015	1	2008	4.4	1	0	0	0
Target 6.11: Increasing the proportion of public health facilities able to confirm malaria diagnosis according to national guidelines with 95% accuracy from 60% in 2002 to 95% in 2015				0	0	0	1
Target 6.12: Decreasing the number of dengue cases treated in the public health sector per 1000 population from 1 in 2001 to 0.4 in 2015	0	2008	0.8	0	1	0	0
Target 6.13: Decreasing the dengue case fatality rate reported by public health facilities from 1.5% in 2003 to 0.3% in 2015	1	2008	0.30%	1	0	0	0

CMDG / Target	Score	Latest Data Period	Most Recent Value	On Track	Slow	Off Track	Un-known
Target 6.14: Decreasing the prevalence of smear-positive TB per 100 000 population from 428 in 1997 to 135 in 2015	1	2007	670	1	0	0	0
Target 6.15: Decreasing the TB deaths rate per 100 000 population from 90 in 1997 to 32 in 2015	-1	2007	75	0	0	1	0
Target 6.16: Increasing the proportion of all estimated new smear-positive TB cases detected under DOTS from 57% in 2002 to more than 70% in 2010 and 2015				0	0	0	1
Target 6.17: Maintaining the proportion of registered smear-positive TB cases successfully treated under DOTS above 85% through 2005				0	0	0	1
CMDG 7: Ensure environmental sustainability							
Target 7.1: Maintaining forest coverage at the 2000 level of 60 % of total land area through 2015	-1	2009		0	0	1	0
Target 7.2: Maintaining the surface of 23 protected areas at the 1993 level of 3.3 million ha through 2015				0	0	0	1
Target 7.3: Maintaining the surface of 6 new forest-protected area at the present level of 1.35 million ha through 2015	1	2009		1	0	0	0
Target 7.4: Increasing the number of rangers in protected areas from 600 in 2001 to 1,200 by 2015	-1	2009		0	0	1	0
Target 7.5: Maintaining the number of rangers in forest protected areas at the level of 500 through 2015	-1	2009		0	0	1	0
Target 7.6: Increasing the proportion of fishing lots released to local communities from 56% in 1998 to 60% in 2015				0	0	0	1
Target 7.7: Increasing the number of community-based fisheries from 264 in 2000 to 589 in 2015	-1	2010	469	0	0	1	0
Target 7.8: Increasing the surface of fish sanctuaries from 264500 ha in 2000 to 580800 ha in 2015	1	2010	46618	1	0	0	0
Target 7.9: Reducing the fuel wood dependency from 92% of households in 1993 to 52% in 2015	-1	2008	84%	0	0	1	0
Target 7.10: Increasing the proportion of rural population with access to safe water source from 24% in 1998 to 50% in 2015	1	2008	41%	1	0	0	0
Target 7.11: Increasing the proportion of urban population with access to safe water source from 60% in 1998 to 80% in 2015	1	2008	54%	1	0	0	0
Target 7.12: Increasing the proportion of rural population with access to improved sanitation from 8.6% in 1996 to 30% in 2015	1	2008	23%	1	0	0	0
Target 7.13: Increasing the proportion of urban population with access to improved sanitation from 49% in 1998 to 74% in 2015	1	2008	82%	1	0	0	0
Target 7.14: Increase the percentage of land parcels having titles in both urban and rural areas from 15% in 2000 to 65% in 2015	-1	2009	24%	0	0	1	0
CMDG 8: Forge a global partnership for development							
Indicator 8.1: Net ODA as percentage of DAC donors' GNI [targets of 0.7% in total and 0.15% for LDCs]				0	0	0	1
Indicator 8.2: Proportion of ODA to basic social services (basic education, primary health care, nutrition, safe water and sanitation)				0	0	0	1
Indicator 8.3: Proportion of ODA that is untied				0	0	0	1
Indicator 8.4: Proportion of ODA for environment in small island developing states				0	0	0	1
Indicator 8.5: Proportion of ODA for transport sector in land-locked countries				0	0	0	1
Indicator 8.6: Proportion of exports (by value and excluding arms) admitted free of duties and quotas				0	0	0	1
Indicator 8.7: Average tariffs and quotas on agricultural products and textiles and clothing				0	0	0	1
Indicator 8.8: Domestic and export agricultural subsidies in OECD countries				0	0	0	1

CMDG / Target	Score	Latest Data Period	Most Recent Value	On Track	Slow	Off Track	Un-known
Indicator 8.9: Proportion of ODA provided to help build trade capacity				0	0	0	1
Indicator 8.10: Proportion of official bilateral HIPC debt cancelled				0	0	0	1
Indicator 8.11: Debt service as a percentage of exports of goods and services				0	0	0	1
Indicator 8.12: Proportion of ODA provided as debt relief				0	0	0	1
Indicator 8.13: Number of countries reaching HIPC decision and completion points				0	0	0	1
Indicator 8.14: Unemployment rate of 15-24 year old				0	0	0	1
Indicator 8.15: Proportion of population with access to affordable essential drugs on a sustainable basis				0	0	0	1
Indicator 8.16: Telephone lines per 1000 people				0	0	0	1
Indicator 8.17: Personal computers per 1000 people				0	0	0	1
Cambodia MDG9: De-mining, UXO and Victim Assistance3							
Target 9.1: Reduce the annual number of civilian casualties recorded to 0 by 2012	1	2009	243	1	0	0	0
Target 9.2: Clear completely all high/medium/low suspected contaminated areas by 2012	0	2009		0	1	0	0
Target 9.3: Develop a comprehensive victim assistance framework by 2005 and fully implement it.				0	0	0	1
Target 9.4: Increase the numbers of landmine/UXO victims receiving an assistance package and integrated into the society (to be set).				0	0	0	1
TOTALS	0.25			29	12	15	54
%				52%	21%	27%	

TERMINOLOGY

Accountability, obligation to demonstrate that work has been conducted in compliance with agreed rules and standards or to report fairly and accurately on performance results vis a vis mandated roles and/or plans. This may require a careful, even legally defensible, demonstration that the work is consistent with the contract terms (OECD Definition).

Input, the financial, human, and material resources used for the development intervention (OECD Definition).

Activity, actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs (OECD Definition).

Outputs, the products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes. (OECD Definition).

Outcome, the likely or achieved short-term and medium-term effects of an intervention's outputs. (OECD Definition).

Impacts, positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended. (OECD Definition).

Indicator, quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of a development actor. (OECD Definition).

Part 2
SUB-PROGRAMS OF IP3

Sub-Program 1

Policy Development
and Program Coordination

Implementing Agency: NCDD-S

Components

1.1. **Developing the Regulatory Framework of the D&D Reforms**
1.2. **Advancing Sector Decentralization Reforms and Functional Reassignment**
1.3. **Strengthening Capacity for Program Coordination, Management and Monitoring**

CONTENTS OF SUB-PROGRAM 1

1. EXECTUTIVE SUMMARY

The overall vision underlying Sub-Program 1 is to (i) strengthen the capacity of NCDD to create a RGC-wide consensus and develop the fiscal and sector decentralization and deconcentration policies, that are required to implement the Organic Law and advance democratic development at sub-national level in Cambodia, and (ii) enable NCDD-S as the secretariat to NCDD to effectively coordinate, support and oversee the execution of the 10-year National Program for Sub-National Democratic Development (NP-SNDD).

Specific objectives of the Sub-Program are the following:
- To issue all regulations required by the Organic Law and align existing regulations to the OL and D&D reform policy
- To strengthen NCDD-S capacity for policy development
- To set up a National Institute for SNA
- To reach RGC-wide consensus on the process for reassigning functions to SNAs and CSs
- To prepare and adopt implementation plans for functional reassignment
- To pilot and evaluate contractual arrangements on functional transfer to DM level
- To assign some permissive function to CS, supported by conditional grants mechanisms.
- To strengthen NCDD-S's capacity for program management
- To establish a SNA performance monitoring and evaluation system.

The expected deliverables of the Sub-Program are as follows:
- Adoption and alignment of key legislation and regulations required by the OL and D&D reform policy
- Revised structure and role for NCDD-S and established Working Groups of the NCDD Sub-Committees
- Policy paper outlining the scope, modalities, resources and timeframe for functional reassignment process from national level to SNA level
- Policy options paper on establishment of the National Institute for SNA
- Sector-specific Functional Reassignment Implementation Plans adopted by NCDD
- Pilot "contractual delegation" arrangements for services delivery by DM are implemented and evaluated
- Study on "permissible functions" immediately transferable to CS
- Pilot conditional transfers mechanisms to support "permissive functions" are implemented in selected CS
- Signed Implementation agreements between NCDD and IP3 Implementing partners
- National Program Advisers (NPA) trained and deployed at sub-national level
- NP/IP3 Monitoring and Evaluation System set up and operating.
- A SNA performance monitoring system is developed and managed by NCDD-S
- NCDD-S and SNA staff trained in operating the SNA-Program Management System
- A policy options paper is produced on the establishment of a SNA Observatory.

NCDD-S is both the executing agency of the IP3 and the designated national implementing entity for this Sub-Program. Other institutional actors include the Ministries affected by the functional reassignment process to be carried out under the National Program. NCDD-S will have to review its organizational structure to carry out its mandate in respect of D&D policy development and management of the National Program:
- With respect to policy development, NCDD-S will support the development of general SNDD policy through the integration of Advisers of its Policy Unit in the

Working Group of the NCDD Sub-committees where policies are generated for submission to the deliberation of the NCDD. NCDD-S will also support the development of Sector Decentralization and Deconcentration policies.

- With respect to the management of the National Program, NCDD-S will prepare and administer the NP/IP3 Implementation Agreements between the NCDD Chair and the concerned Ministries/Agencies and will provide technical backstopping to Capital/ Provincial and District/Municipal and Commune/Sangkat administrations.

2. SUB-PROGRAM DEFINITION

2.1. Vision

Sub-Program 1 will:
- strengthen the capacity of NCDD to create a RGC-wide consensus and develop the fiscal and sector decentralization and deconcentration policies, that are required to implement the Organic Law and advance democratic development at sub-national level; and
- enable NCDD-S to effectively coordinate, support and oversee the execution of the 10-years National Program for Sub-National Democratic Development (NP-SNDD)

2.2. Components and Objectives

Sub-program 1 includes the Components and Objectives described in the table below. All are derived from the National Program for Sub-National Democratic development (NP-SNDD) approved by the Council of Ministers in April 2010.

Component	Objective	Description/Rationale
1.1. Developing the Regulatory Framework of the D&D Reforms	1.1.1. All regulations required by the Organic Law are issued and aligned	To give effect to many of the provisions of the Organic Law (OL), additional regulations need to be issued. A number of them have already been enacted, but others remain to be developed.
		A sub-set of the regulations to be developed has already been identified. Other regulations, and particularly those relating to the fiscal and sector decentralization and deconcentration dimensions of the reform program, addressed in the OL, will be developed throughout the entire IP3 period.
		The development of the OL regulations is a central task of the NCDD, and NCDD-S must be strengthened to support it through a mix of in-house legal advisors and the ability to contract out specialized legal advisory services.
		This NCDD-S capacity must be brought to bear on the development of the regulatory framework of the OL, by directly associating NCDD-S staff/advisors with any other body of the State formally involved in the formulation of sector-specific regulations, to ensure that all of them fully comply with the intents of the OL.
		A number of existing legal texts need to be revised and aligned with the OL. At the outset of implementation of the

Component	Objective	Description/Rationale
		IP3 priority texts will be identified and revisions initiated accordingly and submitted to NCDD for clearance. Many of the texts requiring revision will be sectoral in nature, and depend on the scope and timeframe of the functional reassignment implementation.
	1.1.2. NCDD-S capacity for policy development is strengthened	The NCDD process of policy origination, endorsement and approval needs to be reassessed and a more cohesive and effective support mechanism, including a much stronger NCDD-S, needs to be put in place. To this end, under this sub-program, NCDD will adopt a policy resolution and, as necessary, the regulations establishing the NCDD and its Sub-committees should be revised accordingly. In particular it will: (a) Clearly establish the substantive responsibility of the NCDD-Secretariat for planning, supporting and controlling the entire NCDD policy development process, (b) Strengthen the capacity of the NCDD-S for policy analysis and formulation in support of decentralization reforms, including the fiscal and sector decentralization and deconcentration policy areas, through appropriate staffing and posting of technical advisors in the Policy Division of the Secretariat (c) Mandate the integration of NCDD-S Staff/Advisers into all ministerial Working Groups of NCDD Sub-Committees, to ensure (i) that the preparation of all policy and legal texts by WG is consistent with the Organic Law on SNA and the principles of sub-national democratic development, and (ii) that the policy development process follows the priorities and timeline established by NCDD.
	1.1.3. Set up of a National Institute of Sub-National Administrations	To serve the multiple and continuing needs for training of SNA Councilors, executives and administration staff, and to support the qualification and certification of SNA staff, in the frame of the Sub-national Civil Service Code, a National Institute for SNA should be established. Under the IP3, a study will be undertaken to outline the policy and technical options for establishing this institute.
1.2. Advancing Sector Decentralization Reforms and Functional Reassignment	1.2.1. A RGC-wide consensus is reached on the process for reassigning functions	The NP-SNDD requires that a RGC-wide consensus be reached on a unified process to identify across all concerned Ministries the obligatory and permissive functions that should be assigned or delegated to SNA. It is indeed essential that the Functional Review process, while initiated and managed by concerned Ministries, be guided and overseen by the NCDD-S, to secure a consistency of the process and its outcomes, with the principles and provisions of the Organic Law. To this effect the following steps will be undertaken by the NCDD-S at the outset of the IP3: 1. Establish the Working Group to support Functions &Resources Sub-Committee of the NCDD 2. Award and administer a contract with an international

Component	Objective	Description/Rationale
		consulting firm to: a. Develop an operational definition of all Sectors, Sub-Sectors, Service Areas, Services and Functions to be reviewed, b. Recommend priority Sectors for review c. Design a comprehensive Functional Review (FR) process, outlining the steps and timeframe and the associated institutions and techniques d. Prepare Technical Guidelines and TORs for consultants to undertake sector-specific studies. e. Recommend the establishment and composition of the Sector Technical Working Groups (STWG) that are meant to manage the Sector Studies f. Recommend the establishment of Technical Working Groups that could support the sectoral studies. 3. Submit for the approval of the NCDD: a. The list of priority sectors for review b. The process and institutions for the FR c. The guidelines and TORs for the sector studies
	1.2.2. Implementation Plans for functional reassignments are prepared and adopted	Once the NCDD has approved the FR process and the Guidelines for Sector Studies, NCDD-S will provide technical and financial support, as necessary, to the concerned STWG to carry out Sector Studies and will oversee their implementation through its own staff or Advisers participating in the STWG. As there are likely to be differences in the degree to which preliminary work might have already been carried out by concerned Ministries, the Sector Studies Guidelines and TORs will have to be tailored as appropriate, to avoid duplications of efforts. Upon completion of the Sector Studies NCDD-S will provide policy guidance and technical and financial support, as necessary, to the concerned STWG for the preparation of Sector-Specific Functional Reassignment Implementation Plans (FRIP). Draft Implementation Plans will then be submitted to NCDD for adoption, after discussion and endorsement by the NCDD Functions and Resources Sub-Committee.
	1.2.3. Contractual delegation arrangements at DM level are piloted and evaluated	At the outset of the functional reassignment process and for a number of functions that it may be possible to transfer from the central to the sub-national administrations, the transfer may take the form of delegation rather that outright assignment/devolution. The formulation of the Functional Reassignment Implementation Plans and the final and permanent delegation of functions with related permanent transfer of human and financial resources could therefore benefit from some piloting of the above delegation. Running in parallel with the formal functional review and reassignment process, the implementation and evaluation of such pilots, aims to strengthen the national ministries developing sectoral decentralization and deconcentration

Component	Objective	Description/Rationale
		policy reforms and produce valuable lessons to shape subsequent permanent arrangements as they should be initiated towards the end of the IP3 and beyond. NCDD-S will engage with ministries overseeing particular sectors, particularly Education, Social Welfare, Water Supply and Rural Development, to identify service areas and functions that lend themselves to the immediate piloting of "contractual delegation" arrangements and will provide technical and financial support, as necessary, to the concerned Ministries for the design and implementation of the pilots in selected DMs.
	1.2.4. Some permissive functions are assigned to CS and supported by Conditional Grants mechanisms	Communes and Sangkats have so far operated under a General Mandate (permissive function) for the welfare of their constituencies, but no specific functions have been assigned or delegated to them. The functional reassignment process at the CS level should start with the definition of a set of "permissive functions" that do not require significant institutional changes, and can therefore be immediately and formally transferred to CS Councils. This definition of functions together with (a) a parallel increase in resources through "purpose-specific" (or conditional) transfers funded from re-allocation of relatively minor fractions of concerned Ministries budgets and transitional DP support, and (b) planning and implementation capacity building from Provinces/Districts that go beyond capacity for procurement of public works, will provide an incentive to CS for meaningful services delivery. NCDD-S will engage with concerned Ministries to identify functions that are doable for the vast majority of CS, and not require large amounts of funding or staff/organizational changes. TORs for a study to assist in such identification and related design of appropriate conditional transfer mechanisms will be prepared. Based on the recommendations of the study, a pilot project could be started in late 2011 and evaluated at the end of the IP3 with the purpose of extending the "permissive functions" assignment to all CS in the next phase of the NP-SNDD.
1.3. Strengthening capacity for Program coordination, management and monitoring	1.3.1. NCDD-S capacity to manage the NP-SNDD (IP3) is strengthened	The operational responsibility for execution of the NP-SNDD (IP3), falls onto the NCDD-S, which should: (a) Define and administer on behalf of NCDD "implementation agreements" between the NCDD and relevant Ministries for all NP/IP3 sub-programs implemented by those Ministries (see other sub-programs for details on the content) (b) Translate the above agreement into National and Provincial "Annual Working Plans and Budgets" (AWPB) and release program resources to the implementing agencies accordingly (c) Help the Provincial Administrations to (i) coordinate all activities carried out under various NP (IP3) sub-programs and (ii) assume primary responsibility for unified delivery of all capacity building interventions

Component	Objective	Description/Rationale
		in Districts/ Municipalities. (d) Help Districts/Municipalities adopt the improved governance and administration practices extended to them under the various capacity-building interventions foreseen by the NP(IP3) (e) Set up and run a National Program M&E system to monitor the implementation of the AWPB and evaluate the extent to which the policy, institutional and sector outputs of the NP (IP3) have been delivered. The design of this system will be developed and inserted as Annex 1.3 In particular, to assist the Sub-National Administrations to absorb the technical and financial assistance that will be extended to them under the National Program and build their own institutions and capacity for promotion of sub-national democratic development, the NCDD-S should deploy a multi-level network of National Program Advisers (NPA) operating in Capital, all Provinces and DM. The network is meant to be operational for the duration of IP3 and the National Program, subject to an evaluation of its performance and adjustments as necessary at the end of the IP3. Detailed TORs of the NPA will be developed.
	1.3.2. A SNA performance monitoring system (SNA-PMS) is established (as part of an integrated Sub-national Data Management System)	Monitoring the performance of SNA is a key function of the State, and is best accomplished if supported by an effective SNA Performance Monitoring System (SNA-PMS). There are three fundamental levels of performance that should be captured by such a system: (i) performance with respect to key dimensions of good governance and quality of subordinate legislation. (ii) performance in the management of the cycle of public resources (iii) performance in the delivery of administrative, economic, social and environmental services. There are currently a number of databases capturing different aspects of the conditions and activities of SNA in Cambodia. The SNA-PMS is therefore expected to be developed as a component of an integrated data management system made up of different components (databases) that serve different purposes and may be managed by different institutions. However: a). All databases will share data definitions, standard look-up tables (e.g. lists of sectors and sub-sectors) and common standards for hardware and software; b). The different data sets will be cross-referenced; c). There will be no duplication of data collection and entry; d). There will be a master data store that contains all the data in all the databases; e). There will be an MIS interface that allows users to generate standard reports, run queries, perform spatial (or Geographic Information System-based) analyses and download raw data from the master data store.

Component	Objective	Description/Rationale
		At the end of the National Program, the data management system supporting the operations and evaluation of the sub-national administrations are likely to comprise: a). System components that support local planning, overseen by the Ministry of Planning (See Sub-Program 5); b). System components that support the management of sub-national administrations' budgets, physical assets and human resources, overseen by the Ministry of the Interior (See Sub-program 2). c). System components that support the monitoring and evaluation of the SNA performance; overseen by the NCDD To inform the development of the latter system component, a study tour will be organized for NCDD-S, MOI, MOP and MEF staff, to a country in the region with advanced experience in running a sub-national authorities' performance monitoring system. NCDD-S, will then award and administer a contract with a qualified consulting firm with appropriate mix of international and national expertise to: (i) Design and develop the SNA-PMS database with appropriate capacity for the analysis, management, and sharing of data. (ii) Identify and specify necessary deployment and upgrade of hardware in the national NCDD-S, and Capital provincial administration offices (iii) Develop user guides and manuals and carry out related training of Capital Province, DM and CS staff. The TOR's of the contract will have to be coordinated with, and informed by, other efforts to be made by NCDD-S to develop the architecture of a multi-purpose integrated data management system. The SNA-PMS core design features, data sharing, and use of outputs will need to be determined in close coordination with other agencies (initially MOI, MEF and MOP and subsequently other line ministries, as the functional reassignment process proceeds and new obligatory and permissive functions are assigned or delegated to SNA). Emphasis will be made on meeting not only the MOI basic needs for SNA oversight, but also those of the Local Finance Department of MEF and of the National Statistics system run by MOP, to provide a broad picture of the economic, financial, social, and environmental status of SNA. Capacity for importing and exporting data from relevant databases maintained by other agencies should also be provided in the system. In the data management system Capital provincial administrations should act as the data hubs, as the

Component	Objective	Description/Rationale
		collation, storage and dissemination points for data from all SNAs within the Capital Province, while data entry will be done mostly at DM and CS level. NCDD-S should maintain the national database, compiling provincial data and integrating data from other national agencies, performing data analysis and disseminating data to stakeholders. Customized training materials will be developed and workshops conducted for (i) DM/CS staff who will collect and encode data; (ii) Capital provincial staff on analyzing data outputs and preparing reports; (iii) Database administrators; and (iv) NCDD-S IT staff who will need to maintain and customize the software applications. These functions should be initially assigned to the NCDD-S "Research and Documentation Office". The study should be conducted to move them later to an appropriate institution or agency who will be responsible for policy study for submitting to NCDD review and approval.

2.3. Deliverables

Sub-program 1 includes the following Deliverables:

Objectives	Deliverables
1.1.1. All regulations required by the Organic Law are issued and aligned	1.1.1.1. Anukrets (see list in appendix 1.1 of SP1) 1.1.1.2. Prakas (see list in appendix 1.1 of SP1) 1.1.1.3. Map identifying priority legislation and regulations to be aligned with the OL 1.1.1.4. Key legislation aligned 1.1.1.5. Key legislation for intra administration cooperation.
1.1.2. NCDD-S capacity to support D&D policy development is strengthened	1.1.2.1. NCDD resolution setting policy development process and institutions, adopted 1.1.2.2. Organizational Chart of NCDD-S revised and adopted 1.1.2.3. All staff of the Policy Division (PD) of NCDD-S recruited 1.1.2.4. NCDD-S Staff/Advisors incorporated to WG of the NCDD Sub-Committees
1.1.3. Options for set up of a National Institute for SNA (NI-SNA)	1.1.3.1. Policy and Technical Options paper on establishment of the NI-SNA
1.2.1. RGC-wide consensus is reached on process for reassigning functions	1.2.1.1. Policy paper outlining the scope, modalities, resources and timeframe for systematic functional review process, developed by the NCDD-Secretariat and cleared by the NCDD
1.2.2. Implementation Plans for functional reassignments are developed	1.2.2.1. Sector Studies carried out for priority sectors 1.2.2.2. Sector-specific Functional Reassignment Implementation Plans (FRIP) adopted by NCDD
1.2.3. Contractual delegation arrangements at DM level are piloted and evaluated	1.2.3.1. Studies and contract documentation for delegation of functions to DM 1.2.3.2. Pilot "contractual delegation" arrangements for services delivery by DM implemented and evaluated

Objectives	Deliverables
1.2.4. Set of permissive functions are assigned on a pilot basis to CS and supported by Conditional Grants mechanisms	1.2.4.1. Study on "permissible functions" immediately transferable to CS 1.2.4.2. Pilot conditional transfers mechanisms to support "permissive functions" implemented in selected CS
1.3.1. NCDD-S capacity to manage the NP-SNDD is developed	1.3.1.1. All staff of the Program Support Division (PSD) of NCDD-S recruited 1.3.1.2. Signed Implementation agreements between NCDD and implementing partners 1.3.1.3. NP/IP3 AWPB (both National and Provincial) approved by NCDD 1.3.1.4. Sub-national network of NCDD-S managed National Program Advisers (NPA) trained and deployed 1.3.1.5. NP/IP3 Monitoring and Evaluation System set up and operating
1.3.2. A SNA performance monitoring system (SNA-PMS) is established (as part of an integrated sub-national Data Management System)	1.3.2.1. A regional study tour to observe existing SN authorities' performance monitoring systems is realized by NCDD-S, MOI, MOP, MEF staff. 1.3.2.2. A SNA performance monitoring system is developed and managed by NCDD-S 1.3.2.3. SNA-PMS Training materials developed 1.3.2.4. NCDD-S and SNA staff trained in operating the SNA-PMS 1.3.2.5. A policy options paper is produced on the establishment of a system and institution for monitoring the performance of SNA.

3. SUB-PROGRAM ORGANIZATION

3.1. Implementation Responsibilities

NCDD-S is both the executing agency of the IP3 and the designated national implementing entity for Sub-program 1. Other institutional actors include the Ministries affected by the functional reassignment process to be carried out under the National Program.

Institutional Actor	Responsibility in Sub-Program 1
NCDD-S	• To re-structure its three divisions (policy, inter-ministerial and program support divisions) into two Divisions and create and fill a Deputy Executive Chairman position and recruit all personnel, including the staff of the sub-national network of National Program Advisors and other professionals, as summarized in Section 3.2 below. • To deploy NCDD-S technical advisors and/or staff as members of the Working Groups of all NCDD Sub-Committees • To deploy its network of National Program Advisers to support and monitor the implementation of the IP3 at Capital, Provincial and District/Municipal levels • To draft and administer all IP3 Subprogram Implementation Agreements to be entered into by NCDD with Ministries and other agencies responsible for implementation. • To prepare, and submit to the approval of NCDD, the Annual Working Plan and Budget (AWPB) of the IP3, consolidating all activities to be carried out under its Sub-programs at national and

Institutional Actor	Responsibility in Sub-Program 1
	sub-national level • To set up and operate a system for monitoring and reporting on the implementation of the IP3 • To set up and operate a system for monitoring the performance of SNA with respect to key governance and services delivery dimension of their operations, and ensure that it is fully integrated into a wider sub-national Management Information System (MIS) including databases managed by the MOP and MOI and able to communicate with information systems of other national agencies. • To study options and recommend to the NCDD institutional arrangements for the establishment of a National Institute for SNA. • To develop and submit to the endorsement and regulation by NCDD, a consistent approach across the "whole-of-government" for carrying out functional reviews to identify central government functions to SNA • To recruit consultants to carry out sector studies for functional reassignment • To organize and extend financial support to the implementation of pilot arrangements for delegation of functions to DMs and assignment of a minimum set of permissive functions to CSs • To open in the National Bank of Cambodia a single "IP3 Basket Fund Account" to receive administer and report on contributions made to the implementation of the IP3 by the RGC Development Partners, with the exception of • contributions to be made directly to the national instruments of SNA financial support, administered by the Ministry of Economy and Finance (MEF), as described under the Sub-Program 4, and • contributions to be made, if necessary into specific project accounts (see below) • To open in the National Bank of Cambodia multiple "IP3 supporting Project Accounts" , as necessary to receive, administer and report on contributions made to the implementation of specific components/activities of the IP3, which cannot be made to the Basket Fund.
NCDD	• To revise the Anukret that established the NCDD-S, to (a) clarify the Secretariat's responsibilities with respect to the initiation and support of the D&D policy reform development process and (b) mandate the integration, and clarify the functions, of NCDD-S advisors into the Working Groups of the NCDD Sub-Committees. • To approve AWPB for the implementation of the IP3 • To select an option for establishment of a National Institute for SNA Capacity Development • To review, approve and issue necessary instructions to all Ministries on process and timeframe for the functional review and functional reassignment processes, including the integration of NCDD-S Advisers and/or staff in the relevant Sector Working Groups.
All Ministries/ Agencies affected by the functional reassignment process	• To set up sector-wide working groups (WG) in cooperation with working groups of NCDD's subcommittees to carry out the functional review and develop functional reassignment policies, and integrate NCDD-S advisers and staff into these working groups.

The diagram below summarizes the relationships of NCDD-S with other stakeholders at national and sub-national level, in the performance of the two basic functions of NCDD-S: (1) Support to SNDD policy development and (2) management and coordination of the NP/IP3
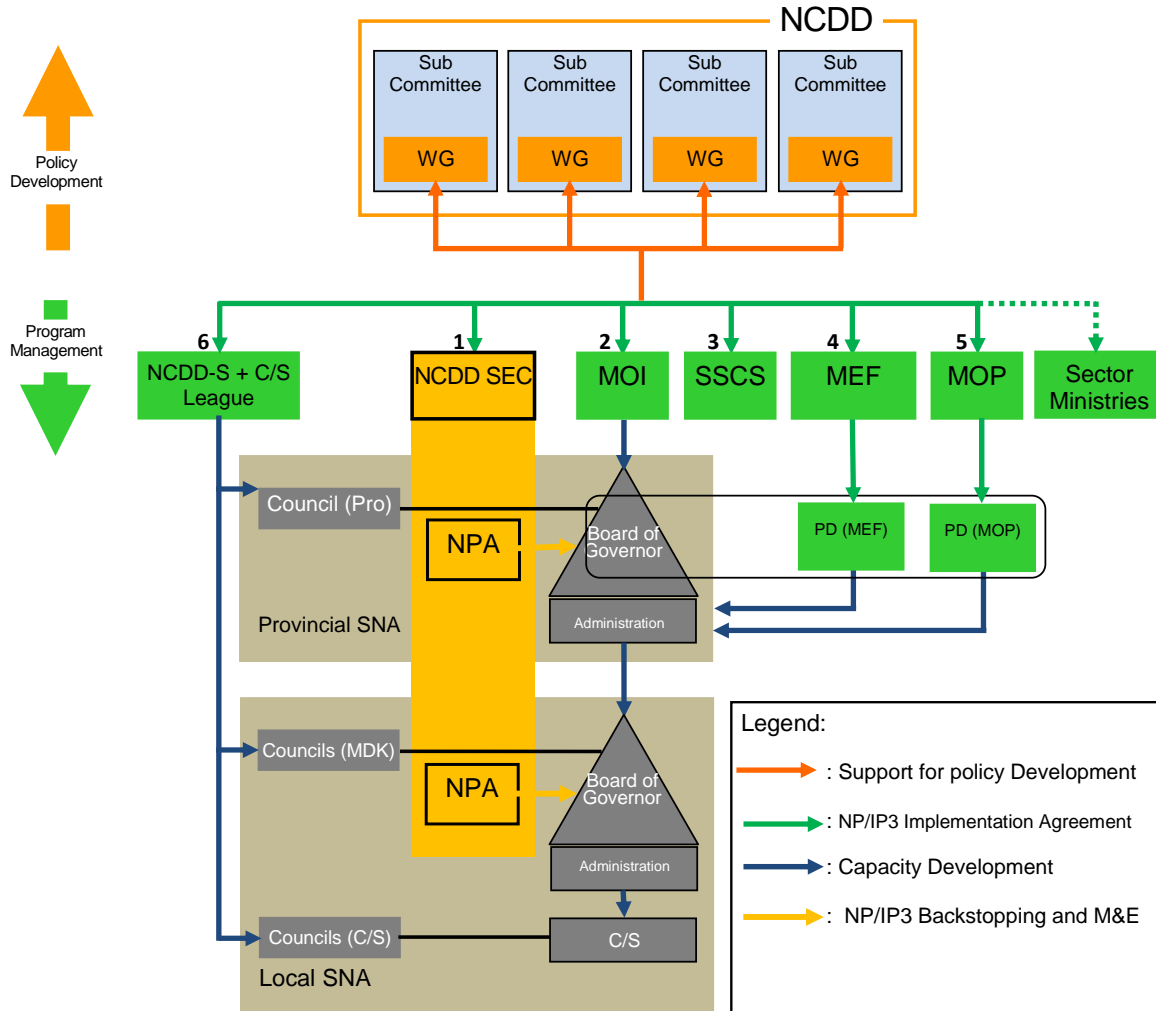
With respect to policy development NCDD-S will support the development of general policy development on D&D through the integration of the NCDDS Policy Advisers and/or staff, in the WG of the NCDD Sub-committees where policies are generated for submission to the deliberation of the NCDD. In the development of Sector D &D policies, the relevant Ministries should establish their working groups to cooperate with working groups of NCDD subcommittees in order to develop the functional reassignment policies.

With respect to the management of the National Program, NCDD-S will draft the NP/IP3 Implementation Agreements which will be signed by the NCDD and the concerned Ministries/ Agencies and cooperate with those ministries to ensure the implementation of the agreements as well as provide technical backstopping to Capital Provincial and District/Municipal administrations.

3.2. Implementation Structures

The chart below shows the revised organization of the NCDD-S for better support to NCDD policy coordination and development and a more effective management of the overall execution of the NP/IP3.
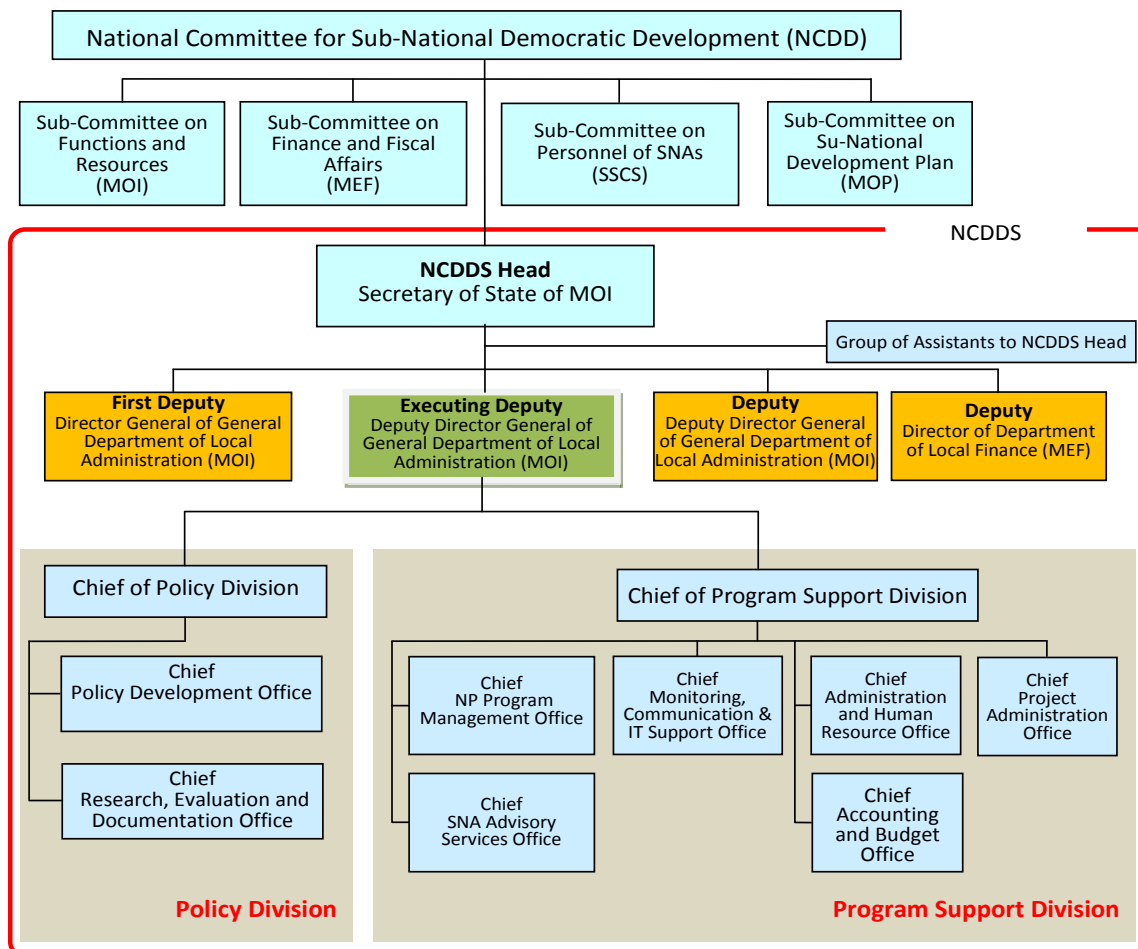
The management functions of the Secretariat are better supported by (a) strengthening the capacity for policy coordination; and (b) creating an Executive Deputy Chairman position for direction and operational management of the two Divisions of the Secretariat.

The mission of the Policy Division is to:
  a). complete and align the national legal framework with the D&D policy
  b). provide policy frameworks and quality controls for NCDD-S work in both SNDD policy development and NP/IP3 management; and
  c). influence and align the policies originated in the Working Groups of the NCDD Sub-Committees or originated by working groups of sectoral ministries or developed by working groups of policy division principles D&D principles and with principles of the Organic Law.

The mission of the Program Support Division is to coordinate, monitor and report on the implementation of the NP/IP3 and to directly execute all projects for which NCDD-S is designated as national executing agency. Adopting an approach with participation of government ministries to the IP3 execution, the Program Support Division should draft the

Implementation Agreements with all Ministries designated national implementing agencies of the IP3; coordinate with those ministries to ensure the implementation of these agreements; and provide support to SNA in order to promote the good governance and local development practices introduced under the NP/IP3.

A detailed description of the NCDD-S structure and of the functions of its Divisions and Offices is provided in Appendix 1.2.

4. SUB-PROGRAM IMPLEMENTATION PLAN

4.1. Approach

The following table describes the approach to be taken towards implementation of Sub-Program 1:

Phase	Overall Approach
Initiation	• In late 2010/early 2011, the mandate of the NCDD-S will be clarified and reflected in a revised Anukret • NP/IP3 Implementation Agreements will be signed by the NCDD and relevant institutions.
Planning	• All personnel, including the new Deputy Executive Chairman and the network of sub-national NP Advisers will be recruited and fielded • The 2011 Annual Work Plan and Budget (AWPB) will be prepared, based on detailed inputs from all implementing agencies. • A monitoring and reporting system on the implementation of the National program will be designed • NCDD-S Accounts will be opened in the NBC for both the "IP3 Basket Fund" and the "IP3-supporting specific projects" as necessary.
Delivery	• NDCC-S will award and administer contracts for consulting services to carry out the following: – Design of the SNA Performance Monitoring System – Preparation of policy paper on the SNA Observatory – Development of Options for establishing a National Institute for SNA – Development of a "" Functional Review Process with participation of the government ministries – Sector Studies for Functional Review – Design of pilots for delegation of functions – Design of pilots for assignment of permissive functions to CS • NCDD-S will carry out a series of central and Capital provincial workshops for training of NPA on the overall design of the IP3 and on the performance of their specific tasks for its implementation • NCDD-S will investigate options, select the destination and participants, and implement a study tour to learn from the observation of existing SNA performance monitoring systems in the region • NCDD-S will prepare and carry out a detailed procurement plan for vehicles, office equipment, and consumables within the limits of the allocated resources in Sub-Program 1 and the 2011 NP/IP3 AWPB. • NCDD-S National Program Advisers deployed at sub-national level, will assist SNA to develop their own institutions, coordinate and absorb training and other capacity building activities delivered by the ministries and the IP3 Implementing Agencies • NCDD-S National Program Advisers deployed at sub-national level will

Phase	Overall Approach
	monitor the implementation of the IP3 and report to the Program Support Division of NCDD-S and quality controls over, the Sub-program Implementation Agreements.
In-progress Evaluation	• An in-progress evaluation of the NCDD-S performance as implementing agency of subprogram 1 during the implementation of IP3 will be jointly commissioned by NCDD-S, and DPs supporting the IP3. This evaluation will be carried out by an independent international consulting firm in early 2013.
Closure	• Based on the above in-progress evaluation, Sub-program 1 may be substantively revised, to improve quality and efficiency, before being extended through the second 3-years IP of the National Program (2014-17).

4.2. Activities and Schedule

The schedule of main activities is set out below:

Componetst / Objectives / Deliverables and Activities	Pre-IP3 2010	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
1.1. Developing the Regulatory Framework of the D&D Reforms													
1.1.1. Issue OL regulations													
1.1.1.1. Anukrets (see list in appendix 1.1)	x	x	x	x	x								
1.1.1.2. Prakas (see list in appendix 1.1)		x	x	x	x								
1.1.1.3. Map identifying priority legislation and regulations to be aligned with the OL			x	x	x	x	x	x	x	x	x	x	x
1.1.1.4. Key legislation aligned					x	x	x	x	x	x	x	x	x
1.1.1.5. Key legislation for intra administration cooperation					x	x	x	x	x	x	x	x	x
1.1.2. NCDD-S capacity to support D&D policy development is strengthened													
1.1.2.1. NCDD resolution setting policy development process and institutions, adopted				x									
1.1.2.2. Organizational Chart of NCDD-S revised and adopted		x											
1.1.2.3. All staff of the Policy Division (PD) of NCDD-S recruited		x	x	x									
1.1.2.4. NCDD-S Staff/Advisors incorporated to WG of the NCDD Sub-Committees			x	x									
1.1.3. Options for set up of a National Institute for SNA (NI-SNA)													
1.1.3.1. Policy and Technical Options paper on establishment of the NI-SNA							x	x					
1.2. Advancing Sector Decentralization Reforms and Functional Reassigment													
1.2.1. RGC-wide consensus is reached on process for reassigning functions													
1.2.1.1. Policy paper outlining the scope, modalities, resources and timeframe for systematic functional review process, developed by the NCDD-Secretariat and cleared by the NCDD			x	x									
1.2.2. Implementation Plans for functional reassignments are developed													
1.2.2.1. Sector Studies carried out for priority sectors	x	x	x										
1.2.2.2. Sector-specific Functional Reassignment Implementation Plans (FRIP) adopted by NCDD	x	x	x	x	x	x	x	x	x	x	x	x	x
1.2.3. Contractual delegation arrangements at DM level are piloted and evaluated													
1.2.3.1. Studies and contract documentation for delegation of functions to DM						x							
1.2.3.2. Pilot "contractual delegation" arrangements for services delivery by DM implemented and evaluated						x	x	x	x	x	x	x	x
1.2.4. Set of permissive functions are assigned on a pilot basis to CS and supported by Conditional Grants mechanisms													
1.2.4.1. Study on "permissible functions" immediately transferable to Communes/Sangkats						x							
1.2.4.2. Pilot conditional transfers mechanisms to support "permissive functions" implemented in selected C/S						x	x	x	x	x	x	x	x
1.3. Strengthening Capacity for Programn Coordination, Management and Monitoring													
1.3.1. NCDD-S capacity to manage the NP-SNDD is developed	x	x											
1.3.1.1. All staff of the Program Suppport Unit (PSU) of NCDD-S recruited		x	x										
1.3.1.2. Signed Implementation agreements between NCDD and SP implementing ministries/agencies		x	x										
1.3.1.3. NP/IP3 AWPB (both National and Provincial)	x	x	x	x	x	x	x	x	x	x	x	x	x
1.3.1.4. Sub-national network of NCDD-S managed National Program Advisers (NPA) trained and deployed		x	x	x	x	x	x	x	x	x	x	x	x
1.3.1.5. NP/IP3 Monitoring and Evaluation System set up and operating													
1.3.2. A SNA performance monitoring system is established													
1.3.2.1. A regional study tour to observe existing SN authorities' performance monitoring systems is realized by NCDD-S, MOI,MOP,MEF staff.							x						
1.3.2.1. A SNA performance monitoring system is developed and managed by NCDD-S (Research and Documentation Office)							x	x	x				
1.3.2.1. SNA-PMSTraining materials developed								x	x	x			
1.3.2.1. NCDD-S and SNA staff trained in operating the SNA-PMS								x	x	x	x		
1.3.2.1. A policy options paper is produced on the establishment of a semi-autonomous SNA Observatory									x				

4.3. Resources and Cost

The total Incremental Costs cost of Sub-program 1 over the 3 years period 2011-13, are estimated at about US$ 25 million (Table 1.1, 1.2, 1.3 and 1.4 below).

Table 1.1: Sub-program costs

Description	2011	2012	2013	TOTAL
Personnel				
A. Support Office of Chairman	313,200	73,200	73,200	459,600
B. Policy Division	1,749,040	1,543,040	1,462,040	4,754,120
C. Programme Support Division	4,520,400	4,520,400	4,520,400	13,561,200
Sub-total (personnel	6,582,640	6,136,640	6,055,640	18,774,920
Programme and operating costs				
CD activities	441,962	267,214	244,114	953,290
Policy studies	710,500	122,500	147,000	980,000
Functional reasignment pilots	-	150,000	-	150,000
M&E activities	50,000	75,000	75,000	200,000
Equipment	923,500	20,000	20,000	963,500
Operating costs	1,020,325	1,020,325	1,020,325	3,060,975
Sub-total (programem and operating costs)	3,146,287	1,655,039	1,506,439	6,307,765
Grand total	9,728,927	7,791,679	7,562,079	25,082,685

Table 1.2: Costs of personnel in Policy Division

Descriptions	Unit	Unit Cost ($US)	2011		2012		2013		TOTAL	
			Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
A. Senior Management										
Chairman	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
First Dpy Chairman	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Dty Chairman	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Dty Chairman	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Exec Deputy Chairman	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
A.1. Support Office of the Chairman	pers/m									
Cabinet Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Support Staff (4)	pers/m	300	48	14,400	48	14,400	48	14,400	144	43,200
Policy Adviser (1)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
International Policy Adviser	pers/m	20,000	12	240,000		-		-	12	240,000
Sub-total (Senior management)				313,200		73,200		73,200		459,600
B. Policy Division	pers/m									
Director of Policy Division	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Deputy Director	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Programme officers	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Support Staff (11)	pers/m	180	132	23,760	132	23,760	132	23,760	396	71,280
International Policy Adviser	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
B.1. Policy Development Unit										
Policy Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Office Deputies (3)	pers/m	300	36	10,800	36	10,800	36	10,800	108	32,400
Programme officers (4)	pers/m	300	48	14,400	48	14,400	48	14,400	144	43,200
National Adviser (Legal)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (Fiscal)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (Functions)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (Planning)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (HR)	pers/m	2,500	12	30,000	6	15,000	3	7,500	21	52,500
National Adviser (CD)	pers/m	2,500	12	30,000	6	15,000	3	7,500	21	52,500
National Adviser (Gender)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Internatonal Adviser (Functions)	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Internatonal Adviser (Fiscal)	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Int.l Consultant (CD)	pers/m	22,000	8	176,000	4	88,000	4	88,000	16	352,000
Int.l Consultant (Gender)	pers/m	22,000	8	176,000	4	88,000	4	88,000	16	352,000
B.2. Policy Research and Evaluation Unit										
Research & Evaluation Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Deputy Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Research & Evaluation Officer	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Documentation Officer	pers/m	300	24	7,200	24	7,200	24	7,200	72	21,600
Research & Eval Adviser	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Research & Eval Officer	pers/m	650	36	23,400	36	23,400	36	23,400	108	70,200
Documentation Officer	pers/m	650	36	23,400	36	23,400	36	23,400	108	70,200
Internatonal Adviser (M&E)	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Int.l Consultant (PMS)	pers/m	22,000	3	66,000	3	66,000	0	-	6	132,000
Sub-total (Policy Division)				1,749,040		1,543,040		1,462,040		4,754,120
Total (A+B)				2,062,240		1,616,240		1,535,240		5,213,720

Table 1.3: Costs of Personnel in Program Support Division

Descriptions	Unit	Unit Cost ($US)	2011		2012		2013		TOTAL	
			Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
C. Program Support Division										
Director	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Deputy Diderctor	pers/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Int.l NP Mgt Adviser	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
C.1. NP management unit	pers/m									
Unit Chief (Sub-prog mgmt)	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Programme Officers (2)	pers/m	300	24	7,200	24	7,200	24	7,200	72	21,600
Nat.l NP Mgt. Advisers (2)	pers/m	2,500	24	60,000	24	60,000	24	60,000	72	180,000
C.2. SNA Advisory Services Office										
National level	pers/m									
Unit Chief (SNA)	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
NP Officers (6)	pers/m	650	72	46,800	72	46,800	72	46,800	216	140,400
NP Advisers (2)	pers/m	2,500	24	60,000	24	60,000	24	60,000	72	180,000
Int.l NP Adviser	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Provincial level										
NP Mgmt Adviser (1/Prov)	pers/m	2,500	288	720,000	288	720,000	288	720,000	864	2,160,000
Monitoring Adviser (2/Prov)	pers/m	1,200	576	691,200	576	691,200	576	691,200	1728	2,073,600
IT Assistants (1/Prov)	pers/m	400	288	115,200	288	115,200	288	115,200	864	345,600
Support Staff (3/Prov)	pers/m	150	864	129,600	864	129,600	864	129,600	2592	388,800
DMK level										
NP Advisers (1/DMK)	pers/m	400	2316	926,400	2316	926,400	2316	926,400	6948	2,779,200
IT contract (1/DMK)	pers/m	70	2316	162,120	2316	162,120	2316	162,120	6948	486,360
C.3. NP Monitoring, communication and IT Office										
Unit Chief (M&E, Comms, IT))	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
National Advisers M&E (3)	pers/m	2,500	36	90,000	36	90,000	36	90,000	108	270,000
National Adviser Comms (1)	pers/m	2,500	36	90,000	36	90,000	36	90,000	108	270,000
National Officer (Webmaster)	pers/m	650	12	7,800	12	7,800	12	7,800	36	23,400
National Advisers (IT-3)	pers/m	2,500	36	90,000	36	90,000	36	90,000	108	270,000
National Advisers (LAN -1)	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Int.l NP Adviser	pers/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
C.4. Accounting & Budgeting Office										
Office Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
National Adviser Finance	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
NP Finance Officers (6)	pers/m	650	72	46,800	72	46,800	72	46,800	216	140,400
Int.l Finance/Admin Adviser (50%)	pers/m	20,000	6	120,000	6	120,000	6	120,000	18	360,000
C.5. Administration and HR Office										
Office Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
National Adviser HR	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
NP Admin Officers (10)	pers/m	650	120	78,000	120	78,000	120	78,000	360	234,000
Int.l Finance/Admin Adviser (50%)	pers/m	20,000	6	120,000	6	120,000	6	120,000	18	360,000
NCCD-S support staff										
Support Staff (5)	pers/m	180	60	10,800	60	10,800	60	10,800	180	32,400
Drivers (20)	pers/m	250	240	60,000	240	60,000	240	60,000	720	180,000
General services (5)	pers/m	150	60	9,000	60	9,000	60	9,000	180	27,000
C.6. Projects Administration Office										
Office Chief	pers/m	300	12	3,600	12	3,600	12	3,600	36	10,800
National Adviser	pers/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Programme officer	pers/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Sub-total (Programme Support Division)				**4,520,400**		**4,520,400**		**4,520,400**		**13,561,200**

Table 1.4 Costs of policy development and program and operations

Descriptions	Unit Cost ($US)	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	TOTAL Qty	TOTAL Cost
1. CD activities									
1.1. Preparation and CD for NCDD-S staff									
Induction									
NPAdvisers (D/M)		313	47,576	0	-	0	-	313	47,576
Development prog									
NPAdvisers (D/M) -National		313	20,032	313	20,032	313	20,032	939	60,096
NPAdvisers (D/M) - Province		2316	77,586	2316	77,586	2316	77,586	6948	232,758
NPA (Province)		480	2,880	480	2,880	480	2,880	1440	8,640
Monitoring prog									
NPAdvisers (D/M)		772	18,528	772	18,528	772	18,528	2316	55,584
NPA (Province)		384	2,304	384	2,304	384	2,304	1152	6,912
IT staff		2316	55,584	2316	55,584	2316	55,584	6948	166,752
			224,490		**176,914**		**176,914**		**578,318**
1.2. Induction for SNA Councillors, Governors, officials									
Province level (National Events)		144	864	0	-	0	-	144	864
Province (Provincial Events)		3408	13,632	0	-	0	-	3408	13,632
D/M/K (Provincial Events)		4053	135,776	0	-	0	-	4053	135,776
			150,272		**-**		**-**		**150,272**
1.3. CD for Policy development staff									
Team building (Policy Development Team)		12	19,200	12	19,200	12	19,200	36	57,600
Staff development									
In country courses (2 week/year)		120	12,000	120	12,000	120	12,000	360	36,000
Regional courses (4 weeks/year)		6	36,000	6	36,000	6	36,000	18	108,000
Regional Tour		0	-	11	23,100	0	-	11	23,100
			67,200		**90,300**		**67,200**		**224,700**
Sub-total			**441,962**		**267,214**		**244,114**		**953,290**
2. Policy design studies									
Design of NP M&E system									
Consultant (International)	22,000	2	44,000	0	-	2	44,000	4	88,000
Consultant (National)	2,500	2	5,000	0	-	2	5,000	4	10,000
Design of the SNA Performance Monitoring System									-
Consultant (International)	22,000	3	66,000	1	22,000	1	22,000	5	110,000
Consultant (National)	2,500	3	7,500	1	2,500	1	2,500	5	12,500
Policy paper on the SNA Observatory									-
Consultant (International)	22,000	0	-	1	22,000	0	-	1	22,000
Consultant (National)	2,500	0	-	1	2,500	0	-	1	2,500
Development of Options for establishing an "Institute for SNA CD"						-			-
Consultant (International)	22,000	1	22,000	0	-	0	-	1	22,000
Consultant (National)	2,500	1	2,500	0	-	0	-	1	2,500
Design of Oversight system (legaity controls)									-
Consultant (International)	22,000	2	44,000	1	22,000	1	22,000	4	88,000
Consultant (National)	2,500	2	5,000	1	2,500	1	2,500	4	10,000
Development of Functional Review Process						-			-
Consultant (International)	22,000	3	66,000	0	-	0	-	3	66,000
Consultant (National)	2,500	3	7,500	0	-	0	-	3	7,500
Sector Studies for Functional Review									-
Consultant (International)	22,000	8	176,000	2	44,000	2	44,000	12	264,000
Consultant (National)	2,500	8	20,000	2	5,000	2	5,000	12	30,000
Design of pilots for delegation of functions						-			-
Consultant (International)	22,000	5	110,000	0	-	0	-	5	110,000
Consultant (National)	2,500	5	12,500	0	-	0	-	5	12,500
Design of pilots for assignment of permissive functions to C/S									-
Consultant (International)	22,000	5	110,000	0	-	0	-	5	110,000
Consultant (National)	2,500	5	12,500	0	-	0	-	5	12,500
Sub-total			**710,500**		**122,500**		**147,000**		**980,000**
3. Functional review pilots									
Functional reassignment of obligatory fucntions to DM	LS				100,000				100,000
Funcional reassignment of permissive functions to CSs	LS				50,000				50,000
Sub-total					**150,000**				**150,000**
4. M&E activities									
Impact level M&E									
Governance surveys	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Economic surveys	2,500	6	15,000	12	30,000	12	30,000	30	75,000
MDG results analysis	2,500		-	4	10,000	4	10,000	8	20,000
Outcome level M&E									
Formative evaluations (in SP costs)			-		-		-	0	-
Meta analysis of SNA reports	2,500	2	5,000	2	5,000	2	5,000	6	15,000
Sub-total			**50,000**		**75,000**		**75,000**		**200,000**
5. Equipment									
Office Furniture	LS		240,000	0	-	0	-	0	240,000
IT Equipment	LS		50,000	0	-	0	-	0	50,000
PMS software	LS		100,000		20,000		20,000	0	140,000
Vehicles	25,000	4	100,000					4	100,000
Motorcycles	1,500	289	433,500	0	-	0	-	289	433,500
Sub-total			**923,500**		**20,000**		**20,000**		**963,500**
6. Operating and running costs									
National									
DSA (NCDD-S personnel)	5,000	12	60,000	12	60,000	12	60,000	36	180,000
Travel (POL)	10,000	12	120,000	12	120,000	12	120,000	36	360,000
Office supplies, comms etc	15,000	12	180,000	12	180,000	12	180,000	36	540,000
			360,000		**360,000**		**360,000**	**108**	**1,080,000**
Sub-National									
DSA (NCDD-S personnel)	9,000	24	216,000	24	216,000	24	216,000	72	648,000
Travel (POL)	1,200	288	345,600	288	345,600	288	345,600	864	1,036,800
Office supplies, comms etc	300	24	7,200	24	7,200	24	7,200	72	21,600
Travel (Mcycles)	25	3,468	86,700	3,468	86,700	3,468	86,700	10,404	260,100
Office supplies, comms (D/M)	25	193	4,825	193	4,825	193	4,825	579	14,475
			660,325		**660,325**		**660,325**		**1,980,975**
Sub-total (Operating and running costs)			**1,020,325**		**1,020,325**		**1,020,325**		**3,060,975**
Total (programme costs)			**2,786,287**		**1,295,039**		**1,146,439**		**6,307,765**

4.4. Financing

The above are the incremental costs of the Sub-program 1, including the "priority operational costs (POC)" that would supplement the remuneration of civil service employees of the NCDD-S. These costs are expected be financed in full by external contributions made either to the "IP3 Basket Fund Account", or to specific "IP3-Supporting Project Accounts", opened at the National Bank of Cambodia in the name of NCDD-S.

5. SUB-PROGRAM CONSIDERATIONS

5.1. Assumptions

Key assumptions underlying the design of Sub-Program 1 include:

First, that an agreement will be reached within NCDD, about revised functions and structure of the NCDD-S leading, in late 2010 or early 2011 to a revision of the Anukret that created the NCDD-S which will clarify the role and strengthen of the capacity of the Secretariat for both support to NCDD policy development and NP management.

Second, that NCDD-S will be able to quickly set up the network of properly qualified and capable sub-national NP Advisers, necessary to coordinate, support and monitor the implementation of the IP3 by all implementing agencies at sub-national level.

Third, that, to the extent that the financing of Sub-Program 1, might be done through specific projects, or in-kind inputs rather than contributions to the "IP3 Basket Fund", NCDD-S will be able to retain the overall control of the resources transferred to specific project accounts and/or of the quality, timing and modalities of utilization of the in-kind inputs.

5.2. Risks

The most critical risks are related to the above assumptions.

The risk that the new role of NCDD-S in coordinating and supporting the origination of SNDD policies in the Working Groups of NCDD Sub-committees or Sector Ministries is perhaps the greatest. It affects the capacity of NCDD-S to contribute as it should to the policy development process of NCDD and more specifically, it affects its capacity to guide and support the functional reassignment process. It should be addressed by an initiative of the NCDD Chair to table a revision of the Anukret creating the NCDD-S for immediate discussion.

The risks associated with late deployment and inadequate quality of the network of NPA is also considerable and would substantially affect the implementation of the IP3. It should be addressed by securing, though "bridge financing" arrangements if necessary the retention of key human resources currently operating under the ongoing support arrangements of Project to Support Democratic Development through D&D (PSDD) and their transfer to NCDD-S.

Risk of fragmentation of IP3 financing also remains high, although it should be substantially diminished by the adoption of a PBA and a related "IP3 basket fund". Yet some project-based or in-kind financing arrangements might still be necessary. This will heighten the risk of uncoordinated and/or imbalanced financing and implementation of the IP3. This risk will be managed by securing, through bi-lateral agreements as necessary, substantial control by NCDD-S over all financial resources and in-kind inputs made available outside the main basket fund.

5.3. Issues

The most critical issue to be addressed in the implementation of Sub-Program 1 is that of determining clearly (i) a stronger NCDD-S and (ii) a wider ownership of the IP3 by other RGC institutions.

The complementary relationship of the two, must to be properly understood within the Royal Government of Cambodia and its Development Partners. In fact, without a strong leadership by the NCDD and its Secretariat, the SNDD reform process would not move forward, but without a wider buy-in by the rest of the RGC institutions, which can only happen if they are brought into the process and made genuinely co-responsible for it, the advancing of the reform would be equally impossible.

5.4. Constraints

The general constraints under which the Sub-Program 1 will operate are the difficulties for NCDD-S itself and its partner implementing agencies to overcome the "attitude and behaviour " entrenched in the Cambodian administration and to practice the more open and collaborative relations demanded by the new approach with participation of government ministries to the implementation of the IP3. In this regard it requires NCDD to clarify that the implementation of IP3 is not a sole responsibility of any ministry.

6. SUB-PROGRAM M&E FRAMEWORK

Sub-Program 1 strengthens the capacity of NCDD to develop fiscal and sector decentralization and deconcentration policies. It includes the development of all regulations required by the Organic Law.

Quarterly reporting arrangements will focus on whether Sub-Program deliverables were produced as expected (on time, on budget, and of the specified quantities and qualities). Information for quarterly reports will be provided by the SP management team, using its monitoring and reporting systems. The remainder of this section provides the underlying logic and indicators that will be used to assess the performance of this sub-program. In all cases, indicators will have targets, and during implementation actual (realized) achievements will be compared with these targets.

Component 1.1 describes the development of the regulatory framework. In terms of monitoring progress, the idea is to compare the plan with actual progress. Since delays in developing regulatory frameworks will have an impact on all capacity development initiatives, the results-framework aims to track this potentially debilitating effect. Whether the regulatory environment is effective is assessed by measuring outcomes and impact at the program's goal and purpose level. As described in the main text this concerns how well SNAs are performing (their internal operations and service delivery), how strong local governance is, and what the impact of the decentralization and deconcentration process has been on citizens. The main text defines a process of quarterly policy debates and dialogues which have been arranged to assess policy effectiveness.

Component 1.2 describes the process of functional reassignment, through a process of contracting. This is planned to take place at the DM level. From an M&E perspective, the implementation of the reassignment is monitored by tracking the number of functions analyzed (considered) for reassignment, the number tested for reassignment, and the number gauged as

feasible through the piloting process. The latter is assessed through a *cost -benefit framework* comparing performance of target DMs in the pilot where functions are reassigned to performance in a control group where functions are not reassigned. The approach will measure baseline indicators in both the control and treatment (DM SNAs with pilot reassignments) groups and compare improvements made in each group following the pilot.

Similar monitoring arrangements (looking at the number of functions transferred and the value of resources transferred) will be implemented for the transfer of permissive functions to CSs (supported through conditional grants)

Component 1.3 concerns the building of NCDD policy development and program management capacity. Policy development covers the entire policy development cycle (policy analysis, policy formulation, and policy evaluation) while capacity covers processes, systems and staffing. In terms of monitoring, the first strategy is to focus on the policy forum process as a means of revising policies, laws and regulations. How many people have attended the forums, are attendees satisfied with it, and is the forum leading to revisions to improve the regulatory environment. Second, program management capacity is measured by looking at implementation progress, in particular whether planned outputs and expenditures are being implemented; this is done both for central IP3 implementation as well as SNA implementation through decentralized funding arrangements. Finally, special attention is paid to the reporting of progress and the degree to which M&E systems have been effective in capturing this data. Indicators assess the completeness of reporting by looking at the percentage of planned outputs (deliverables) which are reported in all four quarters.

Milestones

Milestones are significant activities, selected from the deliverables and objectives under Sub-Program 1 because they are representative of overall progress or because they track progress towards key strategic changes. The proposed milestones are subject to further development and agreement between the Implementers of SP4 (MEF) and IP3 Executing Institution (NCDDS).

1. All regulations required by Organic Law that will directly affect the capacity building of DMs are completed in July 2010.
2. All staff of the Policy Division and Program Support Division t are recruited before April 2011
3. By July 2011, all IP3 program implementers in central ministries can enter implementation (performance) data on their deliverables, from their offices, and using a web-enabled computerized reporting system
4. By December 2011, all DMs have been trained on entering implementation (performance) data at the level of an output/deliverable using a computerized reporting system
5. A strategy/action plan/activity schedule for implementing pilot functional reassignments is completed by December 2011.
6. Results of pilot functional reassignments to DMs and conditional transfers to CSs discussed in policy forums by July, 2012.

The table below summarizes the indicators which will be used to monitor SP achievements:

Table 1.5: Results Framework for Sub-Program 1

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
1.1. Developing the Regulatory Framework of D&D reforms	Regulatory instruments developed on time	% of regulations which were completed on time		100%			Internal NCDD progress monitoring
		Number of deliverables under other sub-programs which were delayed due to delays in developing the regulatory environment					As above
1.2. Advancing Sector Decentralization Reforms and Functional Re-assignment	Functional re-assignment analyzed and tested for DMs	Number of functions analyzed for reassignment (as part of the sector studies)	0				Internal NCDD data
		Number of functions tested for reassignment in the pilot reassignments	0				Internal NCDD data
		Total value of contractual arrangements signed with SNAs during the pilot functional reassignments	0				Internal NCDD data
		% of pilot obligatory functions delivered by target DMs which were done so at least as efficiently as the control group (i.e. Line Ministry delivery)(*)	N/A	>=50%	>=50%	>=50%	Derived from the assessment of the pilot functional re-assignments comparing service delivery between decentralized processes (SNAs) and current Line Ministry arrangements. Results will be disaggregated by type of service (function re-assigned).
	Functional re-assignment of CS permissive functions analyzed and tested	Number of permissive functions transferred to CSs	0				Internal NCDD data
		Total value of purpose specific transfers of funds to CSs (through conditional grant purposes)	0				Internal NCDD data
1.3. Strengthening capacity for Policy development and program management	Policy capacity in place and policies routinely monitored and evaluated	Number of people attending quarterly policy forum					Disaggregate by type of attendee: IP3 implementers, SNA other government staff, ministries development partners and non-state actors
		Satisfaction of attendees with policy forum		90%	90%	90%	Measured as an informal written survey
		Number of regulations changed or amended as a result of the quarterly policy forum					Results from the minutes or documentation of policy forum
	Program management capacity in place and program administered efficiently	% of planned IP3 outputs/deliverables reported in the M&E system which have complete quarterly monitoring data		95%	95%	95%	Complete monitoring data is defined as having data for all quarters which includes: the planned and actual physical quantities for all outputs/deliverables, the planned and actual costs of producing each output/deliverable, and the planned and actual completion dates for producing each output/deliverable.
		% of planned SNA outputs/deliverables reported in SNA M&E system which have complete quarterly monitoring data		50%	60%	70%	

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
		Actual IP3 expenditure as a % of budgeted expenditures (*)		90%	90%	90%	Data from the IP3 program monitoring database and disaggregated by sub-program and component
		Actual SNA expenditure as a % of budgeted expenditures (*)		80%	80%	80%	Data from the SNA M&E system and disaggregated by SNA
		% of IP3 outputs/deliverables completed on time and within budget		90%	90%	90%	Data from the IP3 program monitoring database and disaggregated by sub-program and component
		% of IP3 outputs/deliverables completed on time and within budget		70%	70%	70%	Data from the SNA M&E system and disaggregated by SNA
	SNAs Autonomous as local policy makers	Percentage of local government by-laws overturned by central government					

* indicates a higher level results found in the IP3 Results framework (Goals and Purpose)

Appendix 1.1

LIST OF LEGISLATION TO BE DRAFTED

A). **Priority list**

1. Law on the Financial Regime and Management of Public Property of Sub National
2. Royal Decree on Separate Statute for Personnel of the Sub National Administrations
3. Sub Decree on the Preparation of Deika of Capital, Province, Municipality, District and Khan Council (including right for imposing fine)
4. Prakas (Declaration) on the Organization, Functioning or the Procurement Committee for Capital, Provinces, Municipalities, Districts and Khans
5. Guideline on the Integration Process of Government Civil Servants who currently are working at the Capital Hall, Provincial Halls, Municipality Halls, into the newly established structures
6. Prakas on Roles, Duties and Working Procedure for Director, Deputy Administrative Director at the Capital Hall, Provincial Halls, Municipality Halls, District Halls and Khan Halls
7. Guideline on the Process of Taking Leave for Governors /Deputy Governors and Officers/staff of the Capital, Province, Municipality , Districts and Khans
8. Guideline on the assignment of Roles, Duties and the Termination of Working Process of Board of Governor for Capital, Provinces, Municipalities, Districts and Khans
9. Legal framework on the Principles and Procedures for Delegation of Functions to the Provincial Councils to assist in Controlling Legality of Municipality, Districts, Communes/Sangkats Administrations
10. Legal framework on the Establishment of Mechanisms to Support and Improve Administrative Skills and Resources to CS Capital District
11. Inter-ministerial Prakas on the Formulation Process of the Development Plan and 3 years Investment Program of Capital, Provinces, Municipality, Districts and Khans
12. Guideline on development plan and investment program formulation process of Capital, Province, District, Municipality and Khan
13. Professional Code of Conduct for Board of Governors at the Capital, Provinces, Municipality, Districts and Khans
14. Legal framework on the Procedure for Conflict Resolution at Sub National Administrations
15. Guideline on the Organization, Dissemination of Information and Discussion Forums at the Capital Council, Provincial Council , Municipality Council, District Council and Khan Council
16. Guideline on formality and procedure for transfer of rights to sign on administration document and letters
17. Guideline on formality and procedure on transferring of OIC authorities from Provincial Governor to any Deputy Governors
18. Guideline on implementation of roles, duties, and working procedures of Technical Facilitation Committee of Provinces, Municipalities and Districts.
19. Guideline on implementation of roles, duties and working procedures of Consultative Committee on Women and Children of Provinces, Municipalities and Districts.

B).   Future requirements

20. Law or Regulation on the Management Procedure of Public Property at Sub National Administration
21. Legal framework on functional assignment and delegation to SNAs
22. Legal framework on the Termination of Roles, Rights and Authority of the Governors in name of the Representative of the Royal Government and Line Ministries/Institutions of the Royal Government
23. Legal framework on the Organization of Units, Functions, Duties and Positions of the Personnel of the Councils
24. Legal framework on the Formality and specific Procedure for the management and Implementation of Development Plan at Sub National Administration
25. Prakas on the Organization and Functioning of the Commune/Sangkat Support Unit
26. Guideline on defining of phases and procedure in the organizing of structures and administrative procedure of the Capital Hall, Salakhet, Salakrong, Salasrok and Salakhan to ensure sustainability of those Administrations
27. Guideline on the Duties and Working procedure of Directorates of the Provincial Hall
28. Guideline on the format of documentation on which the Chairperson of the Council can sign and seal.

Appendix 1.2

STRENGTHENING THE NCDD-S CAPACITY FOR POLICY DEVELOPMENT AND PROGRAM MANAGEMENT

This Annex reviews the challenges that NCDD-S is facing, in its double mission of (a) coordinating and supporting the policy development work of the NCDD and its Sub-Committees and (b) coordinating and managing the execution of the National Program for Sub-National Democratic Development starting with the 2011-13 Implementation Plan – IP3.

It suggests changes in NCDD-S functions and structures that are needed to effectively accomplish its mission and presents a new organizational chart of the Secretariat.

Policy Development

The implementation of the Organic Law and the progress of decentralization reforms, depend entirely on the ability of the NCDD to forge a consensus among government ministries on critical fiscal and sector policy issues.

Such consensus requires overcoming multiple obstacles which are essentially policy-related. To address this issue, the RGC created an inter-ministerial mechanism through the establishment of NCDD. However due to the profound, long term and sensitive nature of the reforms, which involves all levels of the government, regular review of the roles and responsibilities, and improvement of the procedures of NCDD, as well as its Sub-Committees and Secretariat, are required in order to continually improve the effectiveness of this reform process.

The NCDD has set up 4 specialized Sub-Committees concerned with (i) SNA Functions and Resources (ii) Fiscal and Financial Affairs (iii) SNA Personnel and (iv) Sub-National Planning, respectively chaired by MOI, MEF, the SSCS and MOP, within which policy proposals are developed and endorsed in a consensus manner before submission to NCDD for approval.

Art 21 of the Sub-Decree establishing the NCDD Sub-Committees establishes that "*the NCDD Secretariat is also the Secretariat of the Sub-Committees*". But its role has not fully functioned, since the development of policy and regulation has been done by the ministry chairing the Sub-Committee, without the participation and coordination of NCDD-S and/or other NCDD Sub-Committees and ministries. This has meant that the formulation of some policies and regulations were not aligned with D&D policy and the OL.

The Organic Law requires NCDD to coordinate the development of policy related to the D&D reform process and coordination of OL implementation. As such, the NCDD process of policy origination, endorsement and approval needs to be reassessed and a more cohesive and effective coordination and support mechanism, including a much stronger NCDD-S, needs to be put in place.

To this end, under this sub-program, NCDD has decided to address these policy challenges by reviewing legal instruments related to establishment of each Sub-Committee and the Secretariat; and request for amendment as necessary. These reviews and amendments aim to:
- a). clearly establish the substantive responsibility of the NCDD Secretariat for planning, supporting and coordinating the entire NCDD policy development process;
- b). strengthen the capacity of the NCDD-S for policy analysis and formulation in support of decentralization and deconcentration reforms, including the sector

decentralization policy areas and financial system of SNAs., through appropriate staffing and posting of technical advisors in the Policy Division of the Secretariat; and

c). Mandate the integration of NCDD-S Staff/Advisers into all ministerial Working Groups of NCDD Sub-Committees, to ensure (i) that the preparation of all policy and legal texts by WG is consistent with the Organic Law and the principles of sub-national democratic development, and (ii) that the policy development process follow the priorities and timeline established by NCDD.

Program Management

The operational responsibility for execution of the NP-SNDD (IP3) falls onto the NCDD-S, which should:

a). develop "implementation agreements" between the NCDD and relevant Ministries for all NP/IP3 sub-programs implemented by those Ministries and ensure effective implementation of these agreements;

b). translate the above agreements into National and Capital, Provincial "Annual Work Plans and Budgets" (AWPB) and release program resources to the implementing agencies accordingly;

c). help the Capital, Provincial Administrations to (i) coordinate all activities carried out under various NP (IP3) sub-programs and (ii) assume primary responsibility for unified delivery of all capacity development interventions in Districts/ Municipalities.

d). help DMs adopt the improved governance and administration practices extended to them under the various capacity-building interventions foreseen by the NP(IP3); and

e). set up and run a National Program M&E system to monitor the implementation of the AWPB and evaluate the extent to which the policy, institutional and sector outputs of the NP (IP3) have been delivered.

To perform these NP management tasks, the NCDD-S will need to build a strong Program Support Division at both national and sub-national level.

In particular, to assist the Sub-National Administrations to absorb the technical and financial assistance that will be extended to them under the National Program and build their own institutions and capacity for promotion of sub-national democratic development NCDD-S should deploy a multi-level network of National Program Advisers.

The network is meant to be operational for the duration of the National Program, subject to an evaluation of its performance and adjustments as necessary at the end of the IP3

DM Level

The immediate focus of the IP3 is on the District / Municipality system of local administrations, including an appropriate division of labour between DMs and CSs and effective accountability relations between the two tiers.

At the D/M level the NCDD-S PSU will deploy a network of National Program Advisors (NPA) to help these administrations to adopt and absorb the systems and capacities extended to them under the various sub-programs of the NP (IP3). These NPA will be selected, contracted and trained by NCDD-S. Each will be assigned to one District /Municipal Administration as Advisor to the DM administration.

The DM-based National Program Advisors will perform three primary functions:

a). **Mentors** to the DM Administration, helping it to implement and report on all activities and projects of the NP(IP3)

b). Local **"Anchors"** of the NP(IP3) multi-dimensional capacity building effort , to help the DKM administrations assimilate and implement all improved systems and procedures for good local governance and administration introduced under the NP (IP3)

c). **Monitors** on behalf of the NCDD-S of the implementation of the IP3, reporting to a Province-based NPA on progress and issues arising in the NP (IP3) implementation process.

d). Additionally at the DM level the NCDD-S will support the incremental costs associated with deployment of Officers (on average 3 per District) to be based in the "Planning and CS Support Office" of the District Administration. The primary function of these Officers is to provide advisory and mentoring services for the implementation of the NP (IP3) to Communes and Sangkat administrations.

Provincial Level

While the focus of the NP (IP3) capacity development effort is on the DKM Administrations, the key level for coordination of the NP (IP3) implementation and delivery of its sub-programs will be the Province.

In all Provinces NCDD-S will field 1 National Program Adviser (NPA) supported by 2 NP Monitoring and Evaluation Advisers, 1 IT Assistant and 3 Support Staff. The Province-based NPA will advise the Provincial Governor on the implementation of the NP (IP3) and assist in the preparation of Provincial Annual Working Plan and Budget (AWPB) of the NP (IP3).She/he will also oversee and coordinate the work of the DM based NPA.

National Level

At the national level the above multi-level NPA network will be coordinated, supported and debriefed by a core team made of 1 International NP Advisor, 1 National NP Advisor and 6 SNA Support Officers, each responsible for covering 3-4 Provinces .

The human resources required by the NCDD-S for effective backstopping and monitoring of the IP3 at all levels are summarized in the table below.

Level	Title	Average Number per level	Total Number
National			
	National Program Adviser (International)	1	1
	National Program Adviser	2	2
	National Program Officers	6	6
Provincial			
	National Program Adviser	1	24
	NP Monitoring Advisers	2	48
	IT Assistant	1	24
District/Municipal			
	National Program Adviser	1	193
	IT Assistant	1	193

NCDD-S Organizational Chart

The diagram below summarizes the NCDD- Organizational Chart.
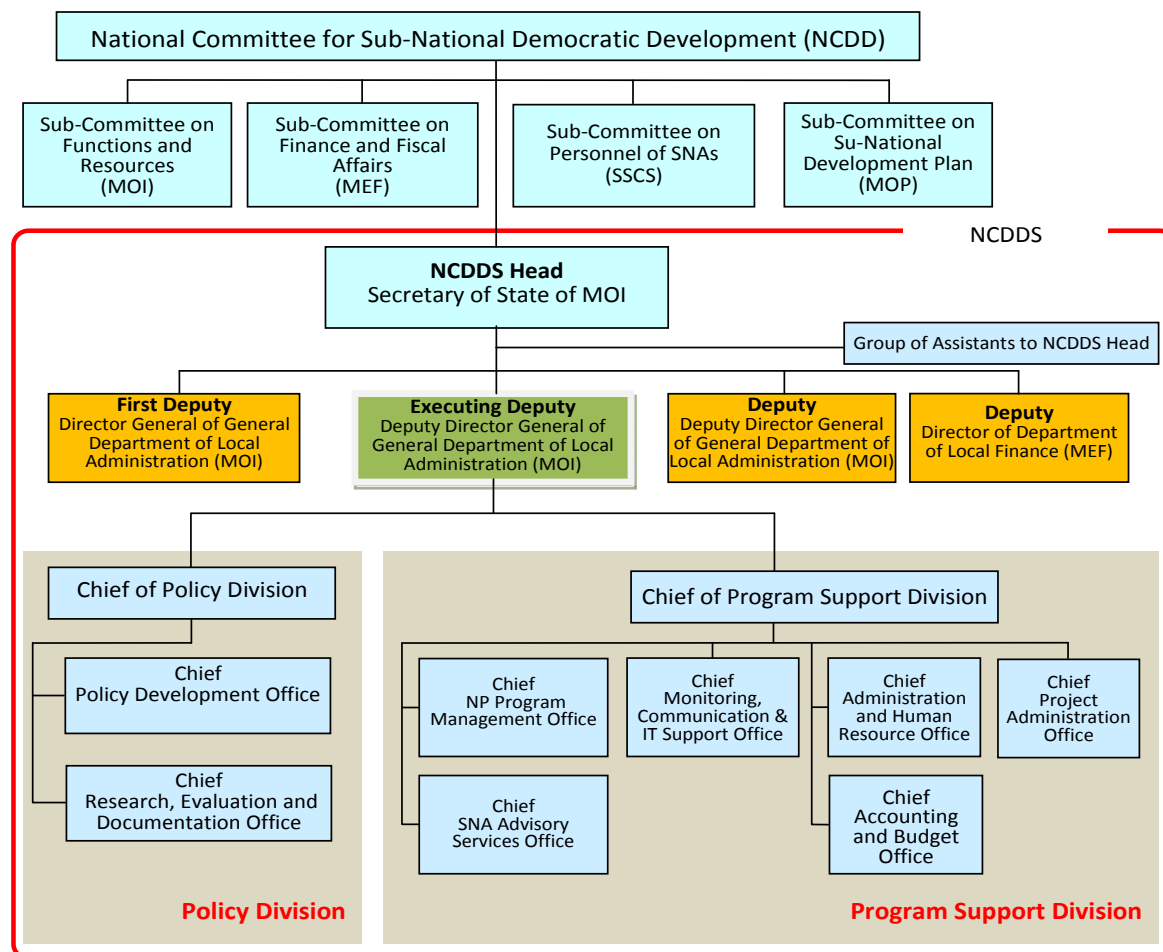
Review of structure and role of NCDDS aims at revising as follows:

1. A **Support Office of the Chairman** should be established and strengthened to provide direct support to the NCDD-S for:
   a). administrative facilitation of the work of the NCDD and of its Sub-Committees
   b). liaison with the rest of the RGC institutions for the purpose of harmonizing the national policy of Sub-National Democratic Development (SNDD) with other national policies and reform process, in particular (i) the Public Finance Management (PFM) reform and (ii) the Public Administration Reform (PAR) processes
   c). Internal coordination of the process of developing policies across all units of NCDD-S
   d). Overall planning and execution of an NCDD-S external relations and communication strategy

Staff positions include:

Staff	Status
Chief of Support Office	Civil Servant (under POC scheme)
Policy Adviser	Service Contract (National)
International Policy Adviser	Service Contract (International)

2. An **Executive Deputy Chairman** position should be created to assume operational responsibility for the overall performance of the NCDD-S with respect to its dual mandate of (a) coordinating and supporting the policy development process of the NCDD and its Sub-Committees and (b) coordinating the implementation of the National Program for SNDD. The Executive Deputy Chairman should provide the direction necessary for mutually supportive and consistent performance of the three Units of the Secretariat. In particular he should ensure that:

   a). the policy development and coordination work carried out by the Policy division in support of NCDD deliberations, is consistent with the priorities spelled out in the National Program and, in turn, is informed by the lessons learned in the implementation of the National Program and

   b). That the National Program's implementation is consistent with the overall objectives of the reform and the national SNDD policy, and reflects the policy development work of the Policy and Program Support Divisions.

3. The **Policy Division** has the mandate of studying, formulating and refining the decentralization and deconcentration and local governance principles and policies that underline the OL and must be reflected in further elaboration of the legal and regulatory framework under which the SNA operate. It should be headed by a **Division Chief** and a Deputy and structured in two closely linked units:

   a). A **Policy Development Office,** under the supervision of a Policy Chief and three deputies as assistants. This office functions as a team, based on defined role and duties to ensure coherence across the whole policy agenda.

   This Office is responsible for carrying out directly, or coordinating and supporting relevant RGC institutions in the performance of the work necessary to implement the NP (IP3) including the following works.

   - Develop the regulatory texts necessary for implementation of the Organic Law and review and align existing legislation with the Organic Law and its regulations and D&D reform policy.
   - Carry out policy studies and formulate recommendations on how cross-cutting requirements could be incorporated in the local governance and local development practices of the emerging SN Administrations, and in the implementation of IP3. These include:,
     – accountability and transparency,
     – gender sensitivity,
     – Natural and environmental sustainability.
   - Devise a "capacity development strategy and framework" to guide and align all capacity development activities carried out under the program by different agencies and, subsequently, monitor its implementation and recommend adjustments to the activities under all sub-programs and ensure consistency and quality control with respect to the preparation of all training materials under the IP3.
   - Develop the legislation and regulations defining the fiscal resources and financial management responsibilities of all levels of SNA. The Chief and one adviser from this office will support the NCDD Sub-Committee on Fiscal and Financial Affairs; participate in the WG on fiscal and financial affairs; and will provide a permanent technical liaison between NCDD-S and the MEF and other relevant ministries.

- Develop the legislation and regulations defining the obligatory and permissive functions to be assigned or delegated by the Central State Administration to the SNA; provide support to the NCDD Sub-Committee on SNA Functions and Resources; participate in the WG on functions and resources, providing a permanent technical liaison between NCDD-S and the concerned Ministries.
- Develop the legislation and regulations defining the sub-national civil service code under which the personnel of the SNA will operate, support the NCDD Sub-Committee on SNA Personnel; participate in the Working Group on sub-national personnel, and provide a permanent technical liaison between NCDD-S and the SSCS, CAR and other relevant ministries.
- Develop regulations and guidelines for sub-national planning and three-year investment programming by SNA, provide support to the NCDD Sub-Committee on Sub-National Planning; participate in the WG on sub-national development plan; and provide a permanent technical liaison between NCDD-S and the MOP and other relevant ministries.

Staff positions include:

Staff	Status
Chief	Civil Servant (under POC scheme)
Deputies (3)	Civil Servant (under POC scheme)
Program officers	Civil Servant (under POC scheme)
National Policy Advisers (9 positions)	Service Contract (National)
International Advisers (2 positions)	Service Contract (International)
ST consultants	Service Contract (International)

The Division will recruit capable staff, based on knowledge and experience in coordination, development and promotion of the reform vision. Staff will have opportunities to develop their own capacities through a tailor-made program aimed to increase the team's knowledge and skills.

b). The **Research, Evaluations and Documentation Office**. This Office, working closely with the Policy team, is responsible for:
- devising and implementing a multi-years research and evaluation program on SNDD and
- collecting, classifying and making available documentation related to D&D reform, and on all aspects of the work of NCDD and its Secretariat.

At the outset of the IP3, and pending the results of feasibility study of a Sub-National Administrations Observatory (SNAO). This Office, jointly with the Monitoring and IT support Office of the Program Support Division, will also take responsibility for the design the SNA performance monitoring component.

Staff positions include:

Staff	Status
Chief	Civil Servant (under POC scheme)
Deputy (1)	Civil Servant (under POC scheme)
Research & Evaluation Officer	Civil Servant (under POC scheme)
Documentation Officer	Civil Servant (under POC scheme)
International Adviser (SNA PM system design and maintenance)	Service Contract (International)

In addition to the above resources, under the National Program, the Office should be able to retain the services of national and international consultants as necessary for the performance of specialized studies.

4. The **Program Support Division** will take responsibility for the delivery of the institutional capacity and sector development outputs of the National Program. It is responsible for overall coordination, monitoring and reporting on the implementation of the National Program. Additionally, within the framework of the NP and to the extent that some of the external assistance to the National Program may continue to be channelled in the form of specific investment or technical assistance projects, the PSD discharges the technical and fiduciary responsibilities that under project aid modality are normally assigned to the project's "national executing agency". The **unit is headed by a Division Chief** and a Deputy, assisted by an **International Program Adviser**. The Division is structured into six Offices as follows:

a). The **National Program Management Office**: This Office develops and administers the implementation agreements with ministries and all implementing agencies responsible for specific Sub-programs, including transfer of program resources as per such agreements. It prepares and submits to the NCDD for approval the Annual Work Plans and Budgets (AWPB) of the program and prepares progress and financial reports on the NP execution for the RGC and its DP.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
National Program Management Advisers (2 positions)	Service Contract (National)
International Program Management Adviser	Service Contract (International)

In addition to the above resources, under the National Program, the Office should be able to retain the services of national and international consultants as necessary for the performance of specialized studies and other services.

b). The **SNA Advisory Services Office:** This office is responsible for managing a network of NP Advisors and other professional and support staff which should be deployed at Capital, Provincial and District/Municipal level in the implementation of IP3. A detailed description of the functions and composition of the network was provided earlier in this Appendix.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
National Program Officers (6 positions)	Civil Servant (under POC scheme)
National Program Advisers (2 positions)	Service Contract (National)
International Program Adviser	Service Contract (International)
NP Monitoring Advisers (Province-based , 48 positions)	Service Contract (National)
IT Assistants (Province based, 24 positions)	Service Contract (National)
National Program Advisers (Province-based, 24 positions)	Service Contract (National)
National Program Advisers (DM-based, 193 positions)	Service Contract (National)

In addition to the above resources, under the National Program, the Office should be able to retain the services of national and international consultants as necessary for the performance of specialized studies and other services.

c). The Monitoring, **Communications and IT support office:** This office will be responsible for:

- IT support to the NCDD-S functions of (i) monitoring the implementation of the National program and (ii) developing the overall SNA Management Information System (MIS). It will support the preparation of periodical NP implementation reports and will provide the framework within which the different components (databases) of the SNA will be developed and maintained by the responsible agencies (MOP, MOI, NCDD-S/SNA Observatory) and interface with other databases
- Communications, including maintenance of the NCCD website, preparation and publication of material for print, radio and TV and the development of an intranet, to allow easy interaction between staff in different offices at National and SNA levels.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
Monitoring Adviser (1-Natl.)	Service Contract (National)
International Program Adviser	Service Contract (International)
National Advisers (4 positions : IT and Website Maintenance)	Service Contract (National)
National Advisers (2 positions : SNA PM system design and maintenance)	Service Contract (National)

In addition to the above resources, under the National Program, the Office should be able to retain the services of national and international consultants as necessary for the performance of specialized studies and other services.

d). The **National Projects Administration Office:** While most external financial and technical assistance to the National Program is expected to be delivered through SN budget support and a basket fund facility respectively, some ongoing and future assistance will continue to be provided as project aid, with the NCDD-S designated as "national executing agency". This Office should therefore be responsible for providing the management, technical and fiduciary control services normally required of a national executing agency under the project aid modality.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
National Adviser	Service Contract (National)

Only a skeleton staff is included here as permanent NCDD-S staff during the IP3 period, and for the purpose of calculating the IP3 incremental costs, as each project will make arrangements and provide resources for staff required for technical and management assistance including fiduciary controls.

e). The **Administration and HR Office:** This office will be responsible for general administrative support to the implementation of the National Program, as well as all the externally-funded IP3 supporting projects for which NCDD-S is designated executing agency. This will include the administration of NCDD-S staff at both national and sub-national level, as well as the selection, recruitment and administration of national and international consultants and the procurement of all other required goods, services and works, according to both RGC and project-specific procedures as applicable.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
NP Administration Support Staff (10 positions)	Service Contract (National)

f). The **Accounting and Budgeting Office:** This office will be responsible for budgeting, disbursing and reporting on the utilization of all financial resources made available to the NCDD-S either through the main IP3 Basket Fund account or through IP3-supporting specific projects accounts if applicable.

Staff positions include:

Staff	Status
Office Chief	Civil Servant (under POC scheme)
NP Finance Support Staff (6 positions)	Service Contract (National)

Sub-Program 1b

Development of Council Deliberation and Policy-Making Capacity

Implementing Agency: NCDD-S

Components

1b.1. Development of Council Deliberation System and Provision of a Council Coaching and Support System

CONTENTS OF SUB-PROGRAM 1b

1. EXECUTIVE SUMMARY

This sub-program/component focuses on developing the capacity of the Sub-National Councils (in particular, DM Councils and CS Councils) to adopt the following procedures:

- deliberation and policy debate amongst council members;
- civic engagement with statutory and civil society bodies, , CBOs and NGOs;
- consideration of evidence regarding the expected and actual results of their decisions;
- interaction with their administrations and holding them to account.

The above procedures are intended to enable the Councils to exercise their democratic mandate in an accountable and effective manner as structures of political representation.

The sub-program/component is expected to achieve the following objectives and outputs/ deliverables:

Objectives	Deliverables/Outputs
To Develop the system for Council decision-making, civic engagement and oversight of administration	• Protoype of council system defined • Formative evaluation sites, leading to a revised system and guidelines • Capacity-development materials and guidelines prepared
To Provide a coaching and mentoring service to newly formed DMK Councils	• Coaches/mentors supporting DMK Councils (initially, using a "push approach"; then, "on–demand" approach by the end of IP3) • Staff at Provincal level, supervising and backstopping front line coaches/mentors, and liasing with other Capacity development activities based at the Provincial level.
To Provide a coaching and mentoring service to CS Councils	• Coaches/mentors supporting CS Councils through direct contact

NCDD-S will be responsible for the execution of the Sub-program/component through a team recruited and managed directly by NCDDS or NCDDS contracts with one or more professional agents. The National League of Communes/Sangkats (NLCS) and/or the future Association of DM Councils, will work closely with the NCCD-S and the relevant ministries for developing its own capacity, with a view to eventually taking responsibility for on-going capacity development and coaching of Councils in due time.

2. SUB-PROGRAM / COMPONENT DEFINITION

2.1. Vision

The vision for the sub-program/component is of representative, accountable and effective Councils with operating systems and procedures for:

- a). deliberation and policy debate amongst council's members;
- b). civic engagement with statutory and civil society bodies, CBOs and NGOs;
- c). consideration of evidence regarding the expected and actual results of their decisions;
- d). interaction with their administrations and holding them to account.

These procedures are required to allow Councils to exercise their democratic mandate as representatives of local citizens, to promote local development, to provide services and, more generally, to ensure that local interests and concerns are heard in national policy and planning.

The bases for these operating procedures are also set out in the Organic Law, where the principles relating to the overall governance structure of each SNA in accordance with principles of democratic development include:

- public representation,
- local autonomy,
- consultation and participation,
- responsiveness and accountability,
- promotion of equality of life of the local residents,
- promotion of equity,
- transparency and integrity, and
- measures to fight corruption and abuse of power.

2.2. Components and Objectives

Sub-program/component 1B includes the following objectives:

Component	Objectives	Description/Rationale
1b.1. Development of Council Deliberation System and Provision of a Council Coaching and Support System	1b.1.1. Develop the system for Council decision-making, civic engagement and oversight of the administration	The focus of the IP3 is on developing autonomous DMK under the control and authority of elected Councils. This requires Councils to both articulate policies and to oversee implementation of these policies by their Administrations. If Councils are to be truly accountable for the decisions they take with regard to policies, regulations and budgets, and which, by law, they cannot delegate to the administration, they must develop processes and procedures to deliberate amongst their members to reach decisions and to exercise control implementation. Council decisions are passed on the basis of majority votes. In practice, many issues – such as decisions regarding the allocation of the annual budget –will require deliberation amongst the Councillors. These deliberations should themselves be informed by (a) the views of CS Councils, communities and concerned stakeholders; (b) planning information regarding resources, assets and opportunities in the local area; (c) monitoring and evaluation of the results from previous decisions; (d) higher level, national and provincial, strategic plans and priorities. Councils must also oversee the work of their Administrations. This requires regular monthly meetings at which the Board of Governors and the Administration will present progress reports on the implementation of Council decisions and budgets. Councils must also represent the SNA in its dealings with other units of Government both at sub-national and national/provincial level and explain Council policies to citizens and communities within the territory of the SNA. Democratic accountability is an on-going process that takes place: a). at the time of elections with a 'competitive' process between Councillors, giving electorates the chance to determine who best represents their interests;

Component	Objectives	Description/Rationale
		b). between elections, within Councils, with a deliberative and consensus- aiming process, giving elected Councils the opprotunity to determine what is best for their area; c). at and between elections, requiring Councils to engage with Communes/Sanghats, citizens and communities, so that Councillors can listen to the views and explain and justify their decisions to, citizens and communities. These require Council decisions and the information/ evidence on which decisions are made to be placed in the public domain and to be accessible to CSs, citizens, communities and civil society. The process of Council functioning and its relationship with its Administration and with CSs are set out in Law and in other legislation. However, within this legal framework, there is a need to develop the, procedures and options that Councils can use to exercise their Responsibilities. These procedures will need to be turned into a manual (guidelines, etc) which can be revised and updated in the last year of IP3 from the experiences over the first two years. Four districts and two municipalities will be selected as sites for an intensive formative evaluation of the procedures and guidelines, where coaches-cum-evaluators will work closely with Councillors to both develop and review the procedures. The first draft of the procedures which brings together the legal requirements for deliberation, civil engagement, oversight, etc and sets out the techniques and skills required will be used to develop capacity building and training materials.
	1b.1.2. Provide a coaching and mentoring service to newly formed DMKs	The development of procedures is a first step, which must be followed by capacity building for Councillors themselves. Although elected in 2009, DMK Councils have not yet had access to discretionary (budget funds) and have not been capable of promulgating by-laws. As a result, there is a need to both provide information on the vision and scope of the new SNAs mandates and to launch the supporting capacity building program. This program will include a wide range of approaches, recognising that Councillors are elected. At the start there is a need to transfer information through a push or coaching approach, with, over time, a shift to a more mentoring approach available on demand as Councillors require.
	1b.1.3. Provide a coaching and mentoring service to Commune and Sangkat Councils	The Communes and Sangkats have been the democratic bedrock of the SNA system and the principles of consultation, deliberation, and decision-making and oversight must continue to be supported at this level. Although CS councils have been in place for some time now, support is required to both build their capacity and to help them adjust to the new SN governance structure. They will be required to recognise and adjust to the role of the DMs. Finally, there will be an expanded role for CSs as a

Component	Objectives	Description/Rationale
		result of the expected changes to the CSF rules and the development of a SN Investment facility for Infrastructure, climate change/NRM and local economic development.
		This support will be lighter than at the DMK level given the longer history of decision-making at this level, better understanding of roles and already more established procedures.
		Some of the support at this level can be provided together with the support to the DM councils; however, because of the different nature and internal accountabilities of the rural and the urban systems, it may be appropriate to bring together Councillors from each system.

2.3. Deliverables

Sub-program/component 1b is expected to yield the following outputs/deliverables:

Objectives	Deliverables / Outputs
1b.1.1. Develop the system for Council decision-making, civic engagement and oversight of the administration	1b.1.1.1. Protoype of council system defined 1b.1.1.2. Formative evaluation sites, leading to a revised system and guidelines 1b.1.1.3. Capacity-development materials and guidelines prepared
1b.1.2. Provide a coaching and mentoring service to newly formed DMKs	1b.1.2.1. Coaches/mentors supporting DM Councils through direct contact with Councillors, moving from a "push approach" at the start of IP3 to an "on–demand" approach by the end of IP3 1b.1.2.2. Staff at Provincal level, supervising and backstopping front line coaches/mentors, and liasing with other Capacity development activities based at the Provincial level.
1b.1.3. Provide a coaching and mentoring service to CS Councils	1b1.3.1. Coaches/mentors supporting CS Councils through direct contact with thoses Councils.

3. SUB-PROGRAM/COMPONENT ORGANIZATION

3.1. Implementing Responsibilities

The focus of the sub-program is the functioning and capacity of the Councils at DMK level and, to a lesser extent, on-going capacity development at the CS level. The component should be seen as part of the initial fixed period, step-up in capacity that is required to enable SNAs to function.

In the implementation of this Sub-program, NCDD-S and relevant ministries will continue their support for capacity development of SNA councils, especially DMs. At the same time, NCDD-S will gradually transfer the capacity development to the councils themselves in order for them to be able to develop their own capacity during the period of NP implementation.

NCDD-S will be responsible for recruiting DM council mentors or contracting one or more professional agents that will implement the sub-program/component. The expanded Association

of Councils, based on the National League of Communes and Sangkats (NLCS) – see sub-program 6 - will work closely with the NCCD-S, relevant ministries and council mentors in developing its own capacity.

Institutional Actor	Responsibility in sub-program/component1b
NCDD-S	• To develop and promote, with NCDD-S, the overall policy and vision for the functioning and operating of Councils as autonomous decision-making bodies • To execute Sub-program/component 1B, by forming a committee, including an expanded Association, to establish and manage a "Council support and mentoring service" for sub-national level for a fixed period of 2 or 3 years • To "contract in" the services of a professional management agent or to set up an office to contract and manage the professional and technical staff required to provide the mentoring and coaching support • To recruit DM council mentors or contract one or more professional agents and manage the technical and professional personnel required for council coaching support. • To oversee all aspects of the implementation of the recruited mentors or contracted professional agent as well as to monitor the progress of the component against the NCDD-approved AWPB and approve all transfers of IP3 resources to the professional management agent.
Professional Management agent	• To recruit, train and manage a cadre of coaches/mentors, ensuring their understanding of the sub-program/component and building their capacity to provide coaching and mentoring services to Councils. • To facilitate and provide logistical support for the implementation of all capacity development and technical backstopping services to be provided under the component • To work with the NCDD-S Policy Division and with the capacity development units in other sub-programs to ensure that the mentoring approach is consistent with the overall vision and systems promoted under IP3.
Mentoring Team	• To develop its capacity to provide coaching and mentor councils. • To develop strategy for capacity development of DM councils • To conduct TNA and develop capacity development plan for DM councils • To implement the capacity development plan by focusing on mentoring of DM councils
DM Councils	• To facilitate and provide logistical support for the implementation of capacity development and technical backstopping services to be provided under/Sub-program/component
CS Councils	• To facilitate and provide logistical support for the implementation of all capacity development and technical backstopping services to be provided under the Sub-program/component
Council development component of EU SPACE program	• To manage the ' formative evaluation' program in 6 target districts and municipalities to model and test deliberative and decision-making processes, leading to guidelines, training materials and recommendations to improve the functioning of the Councils.

3.2.   Implementation Arrangements

3.2.1. Sub-Program Management

A).   Preparation and start-up

The NCCD-S will take responsibility for the sub-program/component prior to transferring responsibility to an expanded or newly formed sub-national Association(s) of Councils with sufficient capacity to take over responsibility for the sub-program/component.

B).   Implementation

The development of the council deliberation system requires an initial consultancy to review the legislation and current practices and to set out a prototype for the overall system and to develop the associated training materials. This consultancy should be commissioned during the inception phase of IP3.

The proposed "formative evaluation" studies have already started in four Districts and two Municipalities in two Provinces, managed as part of the EU Space Program. The product of these studies will be improved procedures, training materials and recommendations regarding the need for policy and legal changes. All the costs of these activities will be met during 2010 and 2011 directly from the on-going EU SPACE project.

The development of a coaching and support component is urgent. Councils will need to be functioning – aware of funds and informed about options and engaging with communities – and in a position to prepare their annual budget for 2012, by the middle of 2011.

C).   Monitoring and review of arrangements

The initial prototype will be intensively tracked and reviewed in 4 Districts and 2 Municipalities. The results of this tracking will be used to update and revise the procedures.

The council mentors or professional management agent will ensure that monitoring reports are available on a regular basis and will provide quarterly summary reports to NCDD-S.
The functioning of the Councils should be reviewed at the end of each year. This review should be based on reports from the formative evaluation sites, from the NP Advisers and from capacity development staff working in the other sub-programs.

D).   Key outputs

The key milestones of the component are:
1. Production of procedural prototype, guidelines, training materials
2. Completion of training for all DM councils
3. Development of mentoring and support system
4. Movement from a proactive to a responsive system of support to Councils
5. Revision of Guidelines and systems

E).   Staffing

The sub-program/component will be delivered by mentoring/coaching teams based at the provincial level. Each team will consist of a coordinator and an average of 3-4 mentors. The team may allocate their workload either by DM or by a particular thematic area within the overall program.

Mentors/coaches will be provided with transport (motorcycles).

The following are the likely staff requirements.

Position	Number
Manager	1
Deputy Manager	1
Administrative Officer	1
Accounts and budgeting Officer	1
MIS/M&E Officer	1
Provincial back-stoppers	24
Office support	3
DM coaches	50
CS coaches	25

F).   Contractual and Funds Flow Arrangements

The IP3 executing agency (NCDD-S) can recruit the council mentors directly or contract with professional agent. In the case of recruitment of mentors by NCDD-S, the NCDD-S has to establish an office to implement this Sub-program. In the case of contracting of professionals agent, the following procedures should be applied:
1. The selection of a professional management agent will be through a **competitive process**.
2. An **Implementation Agreement** shall be signed by NCDD-S and the professional management agent detailing the roles and obligations of the parties and the Sub-Program implementation modalities.
3. The professional management agent shall access and manage the resources needed for the implementation of the Sub-Program/component via the establishment of a sub-program/component **Imprest Account (SPIA)**, in accordance with the rules and the purposes detailed in the Implementation Agreement.
4. The Imprest Account shall be regularly replenished, based on reporting against the work plan and proper documentation of transactions settled through the account.

G).   District and Municipal Management

Districts and Municipalities are the primary focus of IP3. The Annual Work Plan and Budget for CD will be prepared and coordinated by the Municipal / District Governor, supported by the NP Adviser. The DM AWPB should bring together and coordinate all IP3 sub-program related activities, including activities planned by Capital Provincial CD teams (sub-program 2), NCDD-S Advisers (sub-program 1) and Council Coaches/Mentors (sub-program/ component1b).

4.   SUB-PROGRAM/COMPONENT IMPLEMENTATION PLAN

4.1.   Approach to Capacity Development

The approach to capacity development will focus on learning to solve problems, think critically, and react to different circumstances. Although initially, there is a need for councillors to acquire new information related to concepts on decentralization, deconcentration, accountability or transparency, the focus of the capacity building will be on how this information can be used. The problem-solving based approach is centred not on receiving information, but on using information. Capacity development will focus on supporting Councillors as a group to clarify issues and challenges and to identify options to overcome them.

4.2. Implementation Strategy

The strategy for implementation of the sub-program/component involves three stages:

a). **Development phase:** During this initial phase, Council operating procedures will be designed and brought together into an integrated set of procedures and guidelines that empower and enable Councils to fulfil their roles. The products of these deliberative processes need to be defined and formats decided for (a) Policy and strategic statements, (b) the nature of regulatory instruments (Deika or decisions), and (c) the form of the annual budget. Similarly, procedures need to be prepared to support interaction and oversight between the Councils and their Administrations, including the reporting of progress regarding the implementation of Council Deika and decisions.

b). **Coaching phase:** The Councils are legal entities of SNA. The procedures and roles will be new to both the Coaches and Councillors. As a result, this phase will be proactively support Councils with guidelines and manuals, based on the overall system prepared in the developmental phase. The coaching phase would follow immediately from the developmental phase with one coach supporting 4 or 5 DM councils and allocating more or less the same time to each Council.

c). **Mentoring phase:** Once the procedures have been introduced and established, the coaching service will develop into a more responsive mentoring service. The regular support will remain, especially following elections and the introduction of new Councillors, but will require fewer mentors/coaches, with fewer regular visits. The approach will be to increasingly provide a tailor-made, on-demand form of mentoring.

Intensive capacity building to Councils will be required for about 4 years i.e. for at least 12 months after the next Council elections. Thereafter, the level of support will reduce to that required to support regular Council operations.

The coaching/mentoring-program will focus on DM Councillors and those in the administration responsible for direct support of Council activities. Similar programs will be developed for Capital/Provincial Councils and administration and units of these councils.

4.3. Activities and Schedule

The activities to be undertaken under this sub-program 1b including preparation activities required in the inception phase of IP3:

Component	Responsibility	Pre-IP3 2010	2011 Quarter				2012 Quarter				2013 Quarter			
Objectives														
Deliverables and Activities			1	2	3	4	1	2	3	4	1	2	3	4
1b.1. Development of council deliberation system and provision of a council coaching and support system														
1b.1.1. Develop the system for council decision-making, civic engagement and oversight of the administration														
1b.1.1.1. Establish management committee, including NLCS	NCDDS		x											
1b.1.1.2. Contract management agent	NCDDS		x											
1b.1.1.3. Management agent establishes offices at provincial level	NCDDS			x										
1b.1.1.4. Management agent recruits staff: managers, mentors and admin	NCDDS			x										
1b.1.1.5. Management agent trains mentoring staff/ prepare program	NCDDS			x										
1b.1.2. Provide a coaching and mentoring service to newly formed DMKs														
1b.1.2.1. Protoype of council system defined	NCDDS	x												
1b.1.2.2. Formative evaluation target DMs established	NCCDS/ EU-SPACE	x												
1b.1.2.3. Capacity development materials and guidelines prepared	NCCDS		x											
1b.1.2.4. Revised guidelines and manuals	NCCDS				x						x			
1b.1.2.5. Revised Anukrats	NCCD-S													x
1b.1.3. Provide a coaching and mentoring service to DM Councils														
1b.1.3.1. Coaches/mentors supporting DM Councils	Mgt agent			x	x	x	x	x	x	x	x	x	x	x
1b.1.3.2. Staff at Provincal level, supervising and backstopping	Mgt agent			x	x	x	x	x	x	x	x	x	x	x
1b.1.4. Provide a coaching and mentoring service to C/S Councils														
1b.1.4.1. Coaches/mentors supporting CS Councils	Mgt agent			x	x	x	x	x	x	x	x	x	x	x

4.4.   Resources and Costs

The total cost of the sub-program/component is US$ 8.5 million over three years.

Table 1b.1: Program/Component Costs

Descriptions	Unit	Unit Cost (USD)	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
A. Component management										
Programme mgmt staffing costs										
International Adviser	p/m	20,000	12	240,000	9	180,000	0	-	21	420,000
National Adviser	p/m	2,500	12	30,000	12	30,000	12	30,000		90,000
Office support staff	p/m	250	36	9,000	36	9,000	36	9,000	108	27,000
Sub-total (Mgmt costs)				**279,000**		**219,000**		**39,000**		**537,000**
Equipment and transport										
Office equipment	set	2,000	7	14,000		-		-	7	14,000
Office furniture	set	5,000	7	35,000		-		-	7	35,000
Vehicles	veh	25,000	4	100,000		-		-	4	100,000
Sub-total (Equipment /vehicles)				**149,000**		**-**		**-**		**149,000**
Operating costs										
Fuel/maintenance	veh/m	1,000	48	48,000	48	48,000	48	48,000	144	144,000
Office consumables	set/m	1,000	72	72,000	72	72,000	72	72,000	216	216,000
Publications	year	5	2000	10,000	2000	10,000	2000	10,000	6000	30,000
Miscellaneous	year	5,000	1	5,000	1	5,000	1	5,000	3	15,000
Sub-total (Operating costs)				**135,000**		**135,000**		**135,000**		**405,000**
Total (Component management)				**563,000**		**354,000**		**174,000**		**1,091,000**
B. System development and review										
Design system, materials and review										
Mentoring System Design -Inter	p/m	22,000	2	44,000		-		-		44,000
Mentoring System Design - National	p/m	2,500	2	5,000		-		-		5,000
Materials development - Inter	p/m	22,000	4	88,000	2	44,000		-		132,000
Materials development - national	p/m	2,500	4	10,000	2	5,000		-		15,000
Review - International	p/m	22,000	2	44,000	2	44,000	2	44,000		132,000
Review -National	p/m	2,500	24	60,000	24	60,000	24	60,000		180,000
Sub-total (design/review)			**38**	**251,000**	**30**	**153,000**	**26**	**104,000**		**508,000**
C. Delivery of coaching services										
SN Mentoring staff										
Provincial Coordinator	month	2,500	288	720,000	288	720,000	288	720,000	864	2,160,000
D/M Mentors	month	400	600	240,000	600	240,000	600	240,000	1800	720,000
Office support staff	month	150	288	43,200	288	43,200	288	43,200	864	129,600
Sub-total (SN mentoring staff)				**1,003,200**		**1,003,200**		**1,003,200**		**3,009,600**
SN transport/equipment										
Office equipment	Set	2,000	24	48,000					24	48,000
Office furniture	Set	1,000	24	24,000					24	24,000
Motorcycles	veh	1,500	74	111,000					74	111,000
Sub-total (SN transport/equipment)				**183,000**						**183,000**
SN Operating costs										
Office rent +utilities	month	1,000	288	288,000	288	288,000	288	288,000	864	864,000
Office consumables	month	1,000	288	288,000	288	288,000	288	288,000	864	864,000
POL (motorbikes)	month	25	888	22,200	888	22,200	888	22,200	2664	66,600
Miscellaneous	month	1,000	288	288,000	288	288,000	288	288,000	864	864,000
Sub-total (SN operating costs)				**886,200**		**886,200**		**886,200**		**2,658,600**
SN Coaching activities										
National Launch/Reviews			1	400	1	400	1	400	3	1,200
Province - level										
Provincial councils			96	11,520	96	11,520	96	11,520	288	34,560
District level										
D/M events (1 per month)			2,316	138,960	2,316	138,960	1,158	69,480	5790	347,400
Joint events (1 per quarter)			386	92,640	386	92,640	386	92,640	1158	277,920
C/S events (1 per quarter)			6,696	133,920	6,696	133,920	6,696	133,920	20088	401,760
Sub-total (Mentoring events)				**377,440**		**377,440**		**307,960**		**1,062,840**
Sub-total Delivery of mentoring services				**2,449,840**		**2,266,840**		**2,197,360**		**6,914,040**
Grand total				**3,263,840**		**2,773,840**		**2,475,360**		**8,513,040**

4.5.   Financing

The figures reflected in the above table relate to incremental costs of sub-program/ component 1b.

5. SUB-PROGRAM CONSIDERATIONS

5.1. Assumptions and Risks

The key assumptions and associated risks underlying the implementation of sub-program/ component 1b are as follows:

Assumptions	Risks	Implications/*Mitigation*
Management Assumptions		
1. A professional management agent can be contracted and become operational within a very short time frame	High	Further delay in the provision of capacity development and coaching services to Councils and councillors will have a major impact on the whole program. The difficulties in finding and contacting a suitable professional management agent are considerable and this will be an immediate focus of NCCD-S's activities.
2. The professional management agent will be able to recruit and develop the understanding and skills of coaches/ mentors who capable of supporting elected Councillors	High	Given the overall capacity constraints in Cambodia, recruitment of staff will present difficulties. Training will be required to develop coaches understanding of the vision and approach and to develop the facilitation skills required to support independent-minded Councillors. Despite these difficulties, the initial demand from Councillors, who have been waiting for such support for some time, will be high.
3. The quality and scope of the support program can deliver effective results in 193 DMKs	Medium	The initial period of support (first two years of the IP3, at least) requires the introduction of new systems and ways of working. *The coaches/mentors employed with the program will work directly with Councils to introduce the new system. These mentors will be fully aware of the vision and framework for SNAs and well trained in the new systems.*
Implementation Assumptions		
4. The provision of capacity development support to Councils separately from capacity development support for DM Administrations ensures that Councils are empowered as required by OL and not marginalised within the SNAs.	Medium	The Councils play a critical and lead role in ensuring the autonomy of the SNAs, by using the legitimacy of their elected mandate to articulate the voice of Communes/ Sangkats, communities and citizens in SNA policy formulation and decisions and to exercise oversight of SNA activities. This role must be exercised within the overall framework and rules under which SNAs have been constituted. *Progress will reviewed each year and the quality and intensity of inputs reviewed and reprogrammed as necessary.*

Sub-Program 2

Institutional and Human Resources Capacity Development for Sub-National Administrations

Implementing Agency:
Ministry of Interior (MOI)

Components

2.1. **Setting up and Staffing SNAs**
2.2. **Institutional and Staff Capacity Development**
2.3. **Oversight and Legality Controls**
2.4. **Improvement of SNA System Operating Conditions**

CONTENTS OF SUB-PROGRAM 2

1.   EXECUTIVE SUMMARY

The purpose of this Sub-Program is to develop the operating systems and capacities of the SNA executive body (Board of Governors and Officials) so that they (i) can perform their duties, in an effective and accountable manner to deliver services and promote the welfare of their citizens, and (ii) gradually accept responsibility for oversight and implementation of national functions, reassigned to them, initially under delegated arrangements.

Within the above vision, the Sub-Program aims at achieving the following **key objectives**:
*   Develop SNA structures and systems starting with Districts and Municipalities
*   Develop regulatory instruments to enable SNAs tomanage their personnel
*   Provide time-bound financial incentives to critical staff or staff operating under special circumstances
*   Develop and issue National Strategy for the management of SNA personnel
*   Develop and issue a new statute for personnel of SNAs
*   Develop an CD strategy and manual for District and Municipality Administrations
*   Provide funding to develop SNA office and staff facilities/ equipment.
*   Oversee and legality control on SNA performance.

The main **deliverables** of the Sub-Program are:
*   Full staffing of all SNA
*   Accountability Working Groups (AWG) established and integrated into Capital, Provincial administrations.
*   Staff management code issued and operational before sub-national service code comes into existence.
*   Human Resources (HR) management procedures
*   A HR development strategy for SNA
*   Draft sub-national civil service code
*   Organizational Development (OD) manual
*   Capacity development program developed and implemented
*   Assessment of the desirability and feasibility of establishing a National Institute of SNA
*   DMK and Capital/Provincial offices constructed/refurbished.

The **Ministry of Interior** (MOI) shall be responsible for the implementation of Sub-Program 2. To this end, MOI will set up a team dedicated to managing the Sub-Program. At sub-national level, the Provincial Administrations are expected to assume a leading role in the implementation of sub-program activities that are taking place (especially in supporting DM administrations).

2.   SUB-PROGRAM DEFINITION

2.1.   Vision

Under the direction and oversight of elected Councils, SNAs, in particular, District and Municipality Executives (Boards and Officials), will:
a). perform their duties in an effective and accountable manner to deliver services and to regulate the social and economic life of citizens within their jurisdiction under their general mandate;
b). develop the capacity to accept responsibility for oversight and implementation of national functions, initially reassigned to them under delegated arrangements but, eventually, transferred to them as obligatory functions.

By the end of IP3 MOI will have:

- a). established and staffed SNAs, under temporary initial human resource arrangements, and provided incentives (POC) for officials with incremental duties associated with IP3;
- b). built the organisational capacity (systems, structures and working practices) of DMs and the competencies of their human resources to operate as an autonomous administration, under their elected Councils;
- c). transformed the role of the Provincial Administrations to one of recognising, supporting and enabling autonomous DMs; and
- d). provided appropriate facilities and equipment, through constructing, extending and refurbishing infrastructure at DM and Province level.

2.2.   Components and Objectives

Sub-program 2 includes the following Components and Objectives:

Components	Objectives	Description/Rationale
2.1. Setting up and staffing SNA	2.1.1. Develop SNA structures starting with Districts and Municipalities	The Organic Law provides autonomy to SNA, with a general mandate (permissive functions), and a unified administration. Subsequent Anukrets No 215 and 216 dated 14 Dec 2009 defined roles, duties and working relationship of the councils and administrations of the Capital, Provinces and DMKs, recognising the different roles to be played by: a). elected Councils, b). appointed Boards, and c). personnel. Although these structures and the accountability relationships between them are defined in law, the SNA must be staffed, systems must be developed in practice and the new accountability relationships must be put into practice. The process of staff integration and the Capital Province and DMK offices into the new structures has finished its first step in the whole country. Implementation of the new structures including staff performance is being reviewed.
	2.1.2. Develop regulatory instruments to enable SNAs to immediately manage their personnel	Temporary arrangements - decrees and guidelines – are necessary to immediately delegate to SNAs the powers to manage their own personnel (both civil service and contractual), pending the development of a national strategy and law on personnel of SNAs This is necessary to provide benefits to staff and to transfer staff appointed to SNA posts and ensure reporting lines of officials to Governors and Chiefs of Administration. In parallel with the posting of staff to the SNAs, a program to de-concentrate HR management to Capital, Provinces and DMKs will be undertaken in order to allow the SNAs to initiate and monitor the process of

Components	Objectives	Description/Rationale
		identifying and transferring staff of the central government to the SNAs, including: a). MOI personnel; b). Ministries sub-national personnel; and c). National and sub-national personnel (as functional re-assignment takes place).
	2.1.3. Provide financial incentives to critical staff or staff operating under special circumstances	The RGC has recently approved a scheme known as "Priority Operating Costs (POC)" to incentivise civil servants in the framework of development cooperation projects. The POC will be provided to those staff working with IP3. The rules of the POC scheme require preparation and annual approval of the scheme and, as a result, it requires a study to determine options for a long term solution to attract and retain good staff given (a) the substantially higher salary levels paid by DP projects and NGOs, and (b) the requirement for many SNA staff to be based in places where access to facilities is less developed. POC payments may be implemented during the period of IP3. As such development of the sub-national civil service code and human resource strategy needs to be reviewed and justified in terms of the critical role expected of certain staff in the setting up and implementing of the new arrangements. Payments are based on the conditions of the agreed POC scheme and will be adjusted to the requirements of any subsequent scheme agreed between Development Partners and RGC.
	2.1.4. Prepare, with CAR, SSCS, a Strategy for the management and development of SNA Human Resources.	The reforms set out in the Organic Law require staff to be permanently assigned to SNAs. This, in turn, requires a new civil Service Code/Law and, more generally, an HR strategy for longer-term organisational needs and individual career development. The national strategy for the development and management of the SNA's human resources should include: i. an Accountability Framework for SNA guidance; ii. policies for Human Resources Management, Development, Employment and Compensation, which are gender-sensitive and promote gender equity; and iii. a management framework for developing the capacity of the SNA personnel. This framework should be developed with the Council for Administrative Reform (CAR)and the State Secretariat of Civil Service (SSCS) and be part of the National Program for Administrative Reform (NPAR) - see Sub-program 3. The SNA framework should sit under, and be consistent with, the National Human Resources Framework and HR Development Policy, being prepared by NPAR.

Components	Objectives	Description/Rationale
	2.1.5. Draft a new HR statute for personnel of SNAs, as required by the Organic Law and aligned with NPAR	Based on the National Human Resources Strategy for sub-national personnel, developed above, the legal framework on SNA personnel, including a specific code, together with attendant regulations, schemes of service and other administrative requirements for SNA civil servants will be developed.
2.2. Institutional and staff capacity development of SNAs	2.2.1. Develop a system of adminstration for DMs covering Administration, HR, financial management and procurement; planning; CS support, etc	DMs must be developed as: a). capable organisations with functioning systems, with b). competent staff capable of fulfilling their mandates. Organizational development (OD) relates to: i. developing the organization (systems, procedures and working arrangements) of the Board and Administrations; ii. developing the 'internal' relationships between the different structures (Councils, Boards and Officials) within the SNA ; and iii. developing the 'external' relationships between the SNA and stakeholders such as: • **Higher level authorities**: Provincial SNAs, Provincial Line Departments, Treasury, • **Interest and advocacy groups**: CS, CSOs, NGOs and business groups and individual citizens. • **Partners:** User groups, school management committees, CBOs, • **Delivery agencies:** Line Departments, NGOs and private companies, etc. As part of the development of the SNA systems, a number of 'iterative design sites' will be launched and undertaken in at least 2 DMs. These target DMs will allow CD staff to intensively track progress and the implementation of the systems and to inform revisions of manuals, guidelines and training materials over the life of the IP3.
	2.2.2. Prepare a capacity development program to for SNA human resources	The operation of the new systems requires competent human resources. Associated with the OD program, is the need for a comprehensive capacity development program for SNA personnel, including: (i) Developing an introductory package, which describes the vision for SNAs as set out in Law, the NP and the IP3; (ii) Preparing a CD manual and guidelines setting out the systems to be introduced at DMK level; (iii) Specifying competences based on an analysis of the processes developed during the design of the DMK administrative and financial systems and linking those competencies to job descriptions and performance assessment; (iv) identifying needs, designing curricula, training materials and other tools; (v) resourcing training and certifying technical assistance

Components	Objectives	Description/Rationale
		services providers within the public and private sectors; and, (vi) facilitating the adoption of demand-driven, locally-owned capacity development programs by the SNA. The CD manual will be developed and used as a tool and guideline for CD facilitators to deliver CD interventions. Both National and Provincial CD Teams will use it to guide their capacity development with support from National CD Experts. The CD Manual for Facilitators is already under preparation in consultation with relevant stakeholders.
	2.2.3. Set up and develop the capacity of national and provincial CD teams	The first stage in launching the CD program will be to develop the capacity of the (a) National CD team and (b) the Provincial CD teams by familiarizing them with the new systems and supporting them to train and support DM staff. This will be based on the "overview/vision" package described above and the first draft of the CD Manual. The objective is to build understanding of the CD concept, its importance and processes to relevant staff and officials, both in the National and Provincial CD teams and, more widely, in MOI.
	2.2.4. Develop and implement a CD strategy for District and Municipality Administrations	CD interventions to DM Administrations will be delivered by the Provincial CD Teams. DM will prepare their own work plan to coordinate CD activities at their level. DMs will be supported by the NCDD-S appointed NP Adviser (see Sub-program 1). This work-plan will be supported by the Provincial CD Team on a regular basis. For budgeting purposes, this support is assumed to average 2 days every month per DM, plus additional on-going coaching and mentoring. DMs can expect pro-active support in the initial stage of rolling out the new systems. However, within a relative short time period, it is expected that support becomes more reactive to DM demands. (A subsequent phase of IP3 is likely to require a revised approach to CD, with the emphasis on developing a more reactive and responsive form of support.) CD interventions will be implemented through different methodologies such as training, facilitation, workshops, reflection, coaching, mentoring, exposure, etc.
	2.2.5. Prepare and implement a CD program to support DMs	The Provincial CD teams will be responsible for supporting the CD program in each DM. The Provincial CD teams will receive on-going support and backstopping by the National CD Team in order to maintain their capacity to deliver CD interventions. There will be a need to coordinate activities with Sub-program 1b where Council procedures, deliberative processes, civic engagement with CS and Civil Society

Components	Objectives	Description/Rationale
		and building the policy- making capacity of Councils will be developed and supported. The Provincial level AWPB will provide an instrument for the coordination of support to DMs and should include dovetailing of the CD programs provided by the Provincial the CD team and the Council Coaching teams. .
	2.2.6. Develop proposals to establish a National Institute for SNAs	The provision of long term on-going capacity development requries the establishment of a National Institutes that will provide: (i) education and training for SNA personnel; (ii) research and publications on key SNA issues; and (iii) national fora and opportunities for policy discussion. The development of a system of competence- based assessment could provide a basis to develop a strategy for the Institute. The establishment of an Institute is a longer term objective which will be explored during IP3. The costs of preparing options and undertakinhg a feasibility studyare included in Sub-program 1.
2.3. Oversight and legality controls	2.3.1. Design, pilot and implement compliance inspection routines	The development of a regulatory framework for SNAs, based on legality controls rather than bureaucratic and administrative instructions, is a key aspect of local governance. This framework consists of: a) l**egal instruments** (laws, rules, regulations, system manuals and guidelines, and accountability frameworks); and b) **compliance inspection routines** to assess whether practice is adhering to pre-defined processes and standards. Inspections will cover: a) **SNA functioning** including (i) planning, budgeting, M&E and reporting of results (ii) financial management (procurement, asset management, etc.), (iii) HR management (recruitment, etc.) and administration; and b) **physical verification** of a sample of SNA activities and investments. The overall framework for regulation and oversight will be developed in a consultancy planned for the start of IP3. Many of the "legality controls" are already in place or under development in MOI or MEF. However, the SNA Operations Manual and the Council Procedures Manual have still to be developed. The envisaged inspection system requires development of : (i) an inspection checklist, including the means of verification;

Components	Objectives	Description/Rationale
		(ii) an inspection process and manual; (iii) the development of a computerized system to store results; and (iv) the training of inspectors. Other considerations include: i) focusing, initially, on DMs and CSs but, in future, the system will be developed to cover Capital and Provinces; ii) piloting in 15 DMs during 2012, before being more fully rolled out to the remaining DMs in 2013; iii) creating joint teams of MOI and MEF inspectors. (Over time, as functional reassignment takes place, the joint inspection teams will be expanded to include staff from sector ministries, who will focus on technical standards); iv) consisting of a team including: 1 MOI compliance inspector, 1 MEF compliance inspector, 1 MOI management standards assessor, 1 MEF management standards assessor (funded from Ministry budgets); and v) allocating 5 working days per DM including travel, the inspection, visits to CSs and reporting/feedback. Inspection results could be incorporated into the formula-based approach for allocating funds to DMs. Certain criteria would lead to punishment of a Council in accordance with principles of OL and internal rules of the council, but other criteria could be assessed on a score and used to determine future allocation of resources. This would incentivize DMs to follow rules and regulations and to improve their management. The timing of inspections would be organized to fit into the budget process.
	2.3.2. Design, pilot and implement management standards and capacity assessments	The development of management standards will follow the same process as the development of compliance inspection routines, but be linked to the timetable for functional re-assignment. The development of management standards will be based upon guidelines, manuals, and the results of the formative evaluation process. Compliance inspections are primarily regulatory in nature and focus on adherence to processes. Management standards, on the other hand, aim to provide benchmarks for good practice and, therefore, routinely include an element of capacity development
	2.3.3. Develop arrangements for participation in review and appeal processes and conflict resolution mechanisms	Processes which are used to assess accountability are usually undertaken by third parties - i.e. parties outside the accountability relationship. This will also require the development of review and appeals processes and conflict resolution mechanisms

Components	Objectives	Description/Rationale
2.4. Improve SNA system operating conditions	2.4.1. Construct or refurbish SNA offices and staff facilities and equipment	Facilities at Provincial level are already reasonably well developed. Additional facilities are required in some Provinces to better house/equip the new Councils. There is a need for some updating/replacing of older equipment. Facilities in DM are less well developed for both Councils and Administrations and a more comprehensive program of construction is required. The expansion of the One Window Service (OWS), through which citizens can access a wide range of services at a single place requires additional infrastructure. (Once established, the incremental costs of running these services will be covered through fee income).

2.3. Deliverables

Sub-program 2 is expected to yield the following outputs/deliverables:

Objectives	Deliverables/Outputs
2.1.1. Develop SNA structures starting with DM	2.1.1.1. DMs fully staffed 2.1.1.2. Provincial SNA fully staffed 2.1.1.3. AWG staff are located in the Capital Provincial SNA structure 2.1.1.4. Make arrangements for management of NCCD-S implemented projects 2.1.1.5. Revise MOI structure on civil administration to support NP. 2.1.1.6. Establish IP3 SP management structure 2.1.1.7. Transfer CD functions, staff and advisers from NCCD-S to MOI
2.1.2. Develop regulatory instruments for SNA to immediately manage their own personnel	2.1.2.1. Personnel Unit of each SNA have procedures and TOR for management of staff 2.1.2.2. SNA staff reporting to Governors in accordance with defined formats. 2.1.2.3. HR management is de-concentrated to Capital, Provinces and DMKs
2.1.3. Provide financial incentives to key staff or staff operating under special circumstances	2.1.3.1. POC-related posts are defined and POC scheme agreed for 2011 2.1.3.2. Post-POC arrangements agreed and put in place
2.1.4. Prepare, with CAR, SSCS, a national HR strategy for the management and development of SNA Human Resources	2.1.4.1. HR strategy for SNA Staff developed 2.1.4.2. Staff assessment system designed 2.1.4.3. Career development pathways identified
2.1.5. Draft a new statute for personnel of SNAs, as required by the Organic Law and aligned with NPAR	2.1.5.1. Draft Civil service statute prepared for SNAs
2.2.1. Develop a comprehensive system of adminstration (OD) in particular at DM - covering Admin, HR, Finance and budgeting, Financial	2.2.1.1. An 'SNA Operational Manual', covering all aspects of SNA functioning, developed and approved 2.2.1.2. Iterative design sites are intensively tracked and, based on experience and lessons from these sites: i) the SNA Operational Manual is adjusted, and

Objectives	Deliverables/Outputs
management and procurement; Planning; CS support, etc	ii) regulationsare revised.
2.2.2. Prepare an overall HR Development program	2.2.2.1. OD Manual for CD specialists 2.2.2.2. Initial package of materials related to the overview of the Organic Law, the IP3 and proposed programs prepared (with NCCD-S, see Sub-program 1). 2.2.2.3. Definition of HR competences required, based on an analysis of SNA operational systems 2.2.2.4. Preparation of associated materials to assist CD activities
2.2.3. Develop capacity of National and Provincial CD teams	2.2.3.1. National CD teamin place, trained and supported –and with a deep understanding of the: • concepts and systems of SNA functioning; • strategy and approach to developing capaicty of SNAs; and • techniques and interventions required to promote CD. 2.2.3.2. Provincial CD teams in place, trained and supported – and with a deep understanding of the: • concepts and systems of SNA functioning; • strategy and approach to developing capaicty of SNAs; and • techniques and interventions required to promote CD.
2.2.4. Prepare a program to implement the CD strategy for DMs	2.2.4.1. Work program for each DM in place and implemented 2.2.4.2. Capacity of each DM meets minimum standandsby the end of IP3 2.2.4.3. CD interventions are (increasingly) based on identified needs found in CD assessments of each DM 2.2.4.4. The relationship betweenProvincial CD Facilitator Teams and each SNA becoming one of support and on-going learning.
2.2.5. Prepare and implement a provincial level CD program to support DM's capacity development programs	2.2.5.1. CD programs for each DMsupported 2.2.5.2. CD programemes for Provinces prepared and implemented
2.2.6. Establish National Institute for SNAs	2.2.6.1. Undertake a scoping study to investigate the desirability and feasibility of establishing a National Institute for SNAs
2.3.1. Design, pilot and implement compliance inspection routines	2.3.1.1. Framework for oversight and regulation developed 2.3.1.2. Inspection manual prepared 2.3.1.3. Computerised record keeping system in place 2.3.1.4. Joint (MOI/MEF) inspections of all DMs completed annually
2.3.2. Design, pilot and implement management standards and capacity assessments	2.3.2.1. 'Management' standards as defined in a number of lead sectors (linked to Functional reassignment program) incorporated into inspection manual
2.3.3. Develop arrangements for participation in review and appeals processes and conflict resolution mechanisms	2.3.3.1. Policy options paper prepared
2.4.1. Construct/refurbish SNA offices and staff facilities/ equipment	2.4.1.1. Construct/refurbish Salakrong and Salasrok offices 2.4.1.2. Construct/refurbish Provincial Administration offices

3. SUB-PROGRAM ORGANIZATION

3.1. Implementing Responsibilities

The Implementing institution for Sub-program 2 is MOI. MOI will work through the Provincial Administrations to support Capacity Development in each DM level.

Institutional Actor	Responsibility in Sub-program2
MOI	- To assign staff to all positions in SNAs - To put in place, with CAR, SSCS and NCDD-S, temporary arrangements for the management of SNA staff, prior to the enactment of a sub-national civil service law/code - To work with MEF to prepare an "Inspection manual" and establish arrangements for regular joint inspections - Equip and staff the administrative and budgeting units of MOI to implement all aspect of the sub-program and produce the deliverables identified in Section 2 above - To open in the name of the MOI an imprest account for the purpose of receiving and managing resources transferred from NCCD-S - To prepare an Annual Work Plan and Budget for the sub-program and related resources requirements, indicating amounts that: (a) should be managed though a centrally-managed imprest account referred to above or (b) should be managed through the imprest account to be set up by NCCD-S under the authority of the Provincial Governor - To request and obtain from NCDD-S, prior to advertisement, a "No Objection" on the Terms of Reference (TOR) and contracting modalities of all national and international technical advisory personnel to be employed for the purpose of implementing Sub-Program2 - To involve a representative of NCDD-S in all panels for selection of providers of TA services and obtain NCDD-S clearance prior to the signing of all related services contracts - To submit to NCDD-S quarterly technical and financial reports on the implementation of Sub-Program 2 in a format to be specified by NCDD-S indicating progress in delivery of outputs as listed in Section 2 - To report to NCDD-S on any policy, technical and other issues that might be affecting the implementation of Sub-Program2 and the achievement of its objectives - To submit to NCDD-S, in the format and timeframe specified by NCDD-S, requests for replenishments of the imprest account - To undertake a detailed survey of SNA facilities and requirements to bring them to an acceptable level.
NCDD-S	- To develop and promote the overall policy and vision for the functioning and operating of SNAs, which frame the sub-program objectives and deliverables for both the Capacity Development and Oversight and Regulatory frameworks - To develop and administer the implementation of an agreement of NCDD with the MOI, assigning to MOI the responsibility to manage all aspects of implementation of the IP3/Sub-program2 and produce all deliverables as listed in Section 2 above

Institutional Actor	Responsibility in Sub-program2
	• Based on NCDD-approved AWPB, to make advances, replenishments, transfers and payments, into (i) the MOI imprest account;(ii) the relevant Provincial imprest account; or (iii) the accounts of suppliers of goods, services and works, as appropriate (direct payments) • To issue "No Objections" to the TOR of national and international advisers and consulting firms and participate in the panels for their selection and recruitment by the MOI • To oversee all aspects of the implementation of the NCDD agreement with MOI, monitor the progress of Sub-Program2 against NCDD-approved AWPB and approve all transfers of IP3 resources to MOI and other institutions involved in the implementation of Sub-Program 2
Capital Provincial Administrations	• To prepare Annual Work Plans and Budgets covering all aspects of Organisational development and capacity building within the Province • To secure and assign appropriate staff to the HRM Division • To facilitate and provide logistical support for the implementation of all capacity development activities and technical backstopping services
SNA DMK	• To prepare an Annual Work Plan and Budget covering all aspects of Organisational Development and Capacity Development within the DM • To designate DMK staff responsible for capacity development of DMKs and C/S administrations to be the recipients of the training and technical backstopping services to be provided by the Capital and provincial administrations under the IP3/Sub-program 2 • To facilitate and provide logistical support for the implementation of all training and technical backstopping services to be provided by the Capital and provincial administrations under the IP3/Sub-program 2 • To manage all resources allocated to them for OD and capacity development under the AWPB

3.2. Organizational Arrangements

3.2.1. Sub-Program Management

The Sub-program will be administered by the "Team of Sub-program 2", using both administrative and professional staff of MOI:

Position	Number	Status
Sub-Program Manager	1	MOI Staff (under POC)
Sub-Program Deputy Manager	1	MOI Staff (under POC)
Administrative Officer	1	MOI staff (under POC)
Accounts and budgeting Officer	2	MOI staff (under POC)
CD Officer	8	MOI staff (under POC)
Inspection officers	2	MOI staff (under POC)
Safeguards Officer	4	MOI staff (under POC)
AWG National Officer	2	MOI staff (under POC)
MIS/M&E Officer	4	MOI staff (under POC)
Infrastructure Officer	1	MOI staff (under POC)
CD Advisers	3	National contract (with MOI)
Inspection Adviser	1	National contract (with MOI)
AWG/M&E Adviser	1	National contract (with MOI)

Position	Number	Status
Admin/Finance Adviser	1	National contract (with MOI)
Infrastructure Adviser	1	National contract (with MOI)
Information mgmt. Adviser	1	National contract (with MOI)
Consultants (short term)	....	International and national contract (with MOI)

MOI will be responsible for the implementation of the Sub-Program in accordance with the Agreement signed with NCDD. MOI will:

- prepare and monitor the execution of an annual work plan and budget (AWPB) of all activities under the Sub-Program
- mobilize and follow up inputs required from other Ministries that are concerned with the implementation of the Sub-Program;
- monitor the performance of provincial capacity building teams
- manage contracts for TA and other services related to the implementation of the Sub-Program
- manage the Sub-Program imprest account
- report to NCDD-S on the implementation of the Sub-program
- represent MOI in meetings and events hosted by NCDD-S in relation to the IP3 implementation.

Under the guidance of the Sub-Program Manager, the day-to-day implementation of Sub-Program 2 will be directed by the Deputy Program Manager.

The Deputy Program Manager will be assisted primarily by:

a). an Administrative unit, consisting of an Administrative Officer, a Finance Officer and an MIS/M&E Officer, responsible for resources, planning and reporting and

b). a Program unit consisting of 8 CD Policy officers and 2 Program Officers, an Infrastructure Officer supported by two national CD Advisers (01 National and 01 International), responsible for the substantive work of SP2.

The current structure of MOI civil administration is to be re-organised to reflect the requirements of NP/IP3.
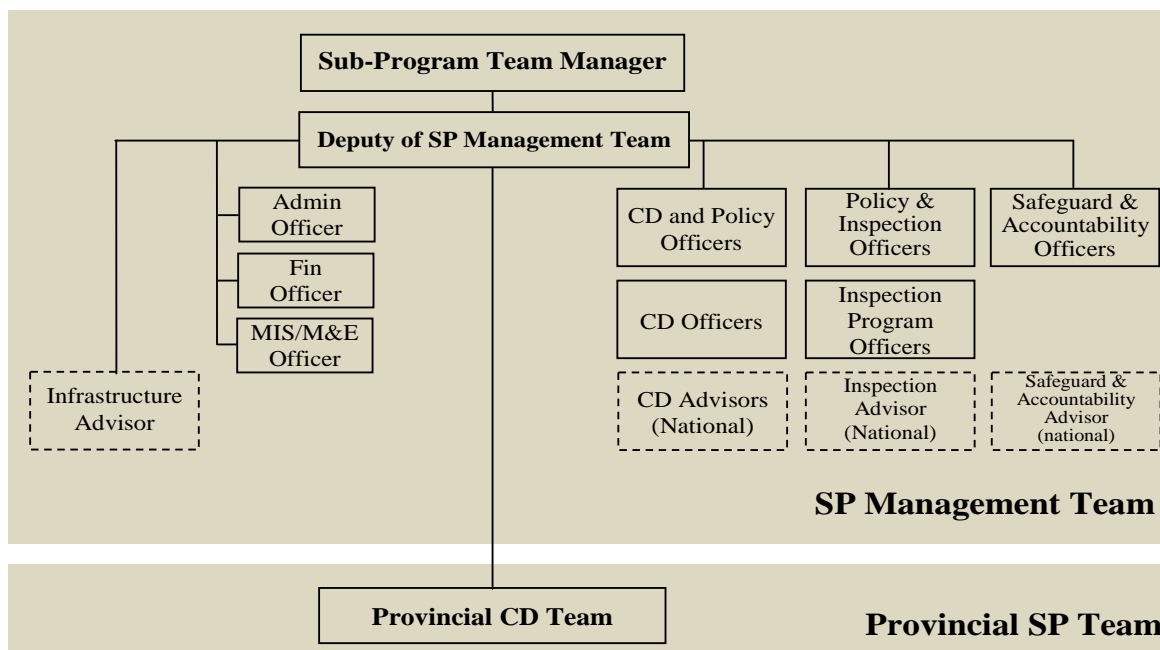
3.2.2. Contractual and Funds Flow Arrangements

The diagram below describes the relations between the IP3 executing agency (NCDD-S) and the Sub-program implementing institution (MOI) in respect of the execution of the Sub-program 2:

    (1) An **Implementation Agreement** shall be signed by NCDD and MOI detailing the roles and obligations of the two parties and the Sub-program implementation modalities;

    (2) MOI shall access and manage the resources needed for the implementation of the Sub-program via the establishment of a Sub-program **Imprest Account (SPIA)**, in accordance with the rules and the purposes detailed in the Implementation Agreement;

    (3) The Imprest Account shall be regularly replenished, based on reporting against the work plan and proper documentation of transactions settled through the account;

    (4) It is assumed that IP3 (all sub-programs) capacity building activities occurring at sub-national level would be paid out of a single IP3 **Capital and Provincial Imprest Account** to be managed by the Capital and Provincial Governor as delegated by NCDD-S.

Sub-Program Implementation Agreement
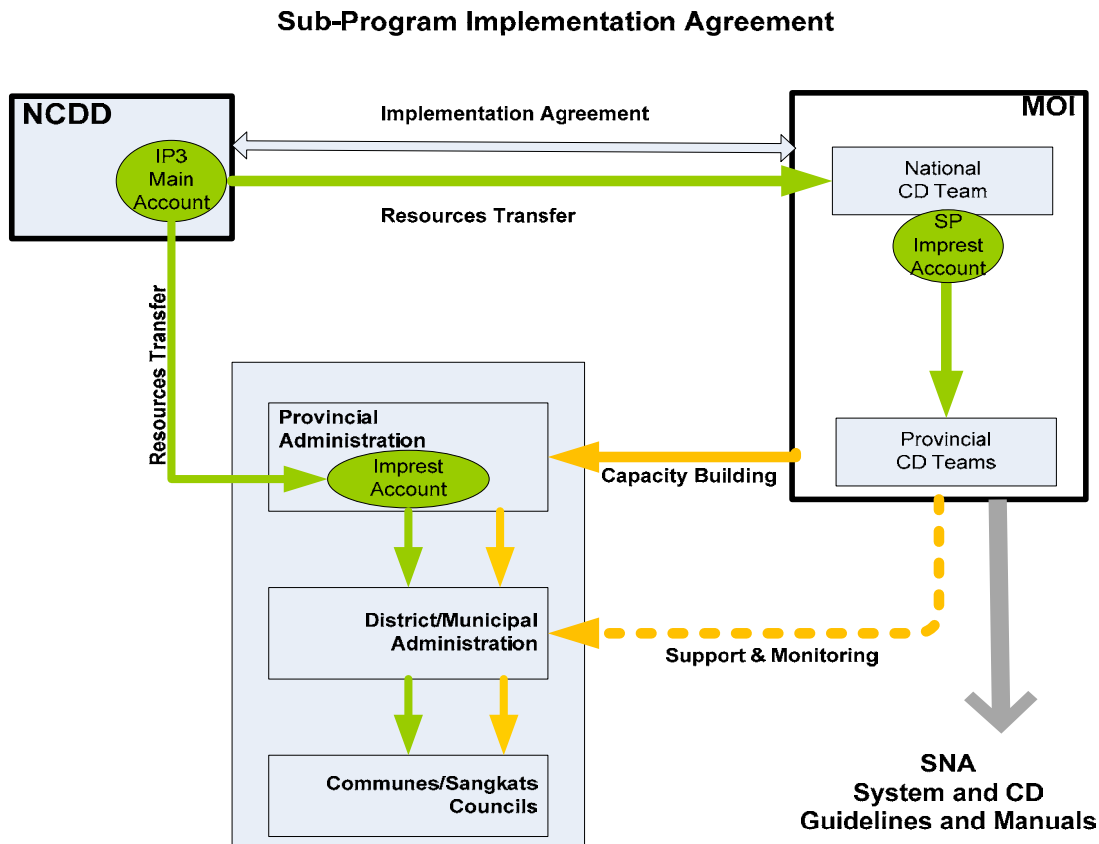
3.2.3. Provincial management

At the sub-national level, the IP3 program will be implemented through SNAs and coordinated by the Capital/Provincial Governor. The Capital and Provincial Governors should review and recruit the Director or Deputy Director of Administration or chiefs of divisions who have appropriate capacity and experiences to assist in day to day program management and report to the Governor.

The following staff will be focused on IP3 activities:

Position	Number	Status
Manager	1	MOI staff, assigned to SNA (under POC)
Administration Division	2	MOI staff, assigned to SNA (under POC)
HRM Division	2	MOI staff, assigned to SNA (under POC)
Planning & Investment Division	3	MOI staff, assigned to SNA (under POC)
AWG Officers	2	MOI staff, assigned to SNA (under POC)
Finance Division	3	MOI staff, assigned to SNA (under POC)
Internal Auditor	1	MOI staff, assigned to SNA (under POC)
Infrastructure Technical Support Officers (1 officer/DMK)	193	MOI staff, assigned to DMs (under POC) Initially based in provincial offices pending transfer to DMKs
CD Advisers (Provincial)	2	National contract to MOI (posted to Province)
Infrastructure Adviser (Provincial)	1	National contract to MOI (posted to Province)

Note: The status of these staff will change once the new sub-national civil service code is in place and specific arrangements are in place for a new cadre of SNA staff.

These officials will be the primary, but not sole, focus of the capacity development components of each of the national sub-programs. In turn, these staff will implement the CD program to support DMKs.

Based on NCDD AWPB, the Capital / Provincial Governor will be responsible for preparation and implementation of the provincial Annual Work Plan and Budget (AWPB) in accordance with the Agreement signed with NCDD-S. The Capital and Provincial Governor will:
- prepare and monitor the execution of an annual work plan and budget (AWPB)
- mobilize and follow up inputs required from other Ministries that are concerned with the implementation of the AWPB
- monitor the performance of Capital and Provincial capacity building teams
- manage the Capital and Provincial imprest account
- report to NCDD-S on the implementation of the AWPB
- represent the Province in meetings and events hosted by NCDD-S in relation to the IP3 implementation

At the Capital and Provincial level, the following Advisers will be contracted by MOI and posted to each Province:
- CD Advisers (2), to work with the HRM division
- Infrastructure Adviser (1) to work with the Planning and Investment Division

The DMK Infrastructure Technical Support Officers (193) will be responsible for maintaining support to CSs to assist them in preparing infrastructure investment proposals and developing and overseeing DMKs infrastructure investments, and will initially be based in the Capital and Province but will be transferred to DMKs offices as soon as possible.

3.2.4. District and Municipal Management

District, Municipalities and Khans are the primary focus of IP3. An Annual Work Plan and Budget for CD activities will be prepared and coordinated by the District, Municipal and Khan Governor, supported by the NP Adviser. The DMAWPB should bring together and coordinate all IP3 sub-programs related activities, including activities planned by Capital and Provincial CD teams (Sub-program 2), NCDD-S Advisers (Sub-program 1) and Council Coaches/Mentors (Sub-program 1b).

The following staff in the Planning and CS Support Office of the Districts and Municipalities will have incremental responsibilities to support the Commune/Sangkats:

Position	Number	Status
CS Support officers	3	MOI Staff (under POC)

4.   SUB-PROGRAM IMPLEMENTATION PLAN

4.1.   Approach

The following table describes the approach to be taken to implement Sub-program 2:

Phase	Approach
Initiation	• An implementation agreement/MOU will be agreed between NCDD-S and MOI for implementation of the sub-program • MOI will be reorganised to better reflect the roles and duties of units within General Directorate of Local Administration (GDLA)
Planning	• MOI will prepare an implementation plan, including deliverables, schedule of activities and budget required to implement the sub-program at both national and sub-national levels. This will include both arrangements for institutional and staff development and to develop the capacity of National, Capital and Provincial OD teams • NCDD-S will transfer resources to the MOI Imprest Account, once the implementation plan has been approved. This process will be repeated in subsequent years • MOI will assign staff to key roles - including staff transferred from NCDD-S to MOI - responsible for implementing the program, including planning, budgeting and monitoring progress • MOI will set up and staff the professional CD unit. • A national CD team will be formed and trained • Capital and Provincial CD teams will be formed and trained • The OD approach paper will be finalised • The first version of the OD Manual(currently under preparation) will be completed • Pilot OD systems will be started in at least 4 SNAs(2 Districts and 2 Municipalities) to test the manual and guidelines • Guidelines and training materials will be developed and tested • Set up a joint MOI – MEF team to develop joint inspection process
Delivery	• The CD program will be implemented in each DMK by the Capital / Provincial CD teams • The oversight program will be implemented in all DMKs using joint teams from MOI and MEF
In-progress Evaluation	• The pilot CD systems will be monitored to (a) inform the national CD team, (b) track progress and test the manual and (c) review and revise the guidelines • The 4 pilot sites will be maintained as part of a "formative evaluation" program throughout the life of IP3. These sites will be used to understand in depth the challenges and problems faced by DMK in establishing a unified administration and will inform revisions to both the manual and training materials. • A review on CD system will be commissioned in early 2012 • The "joint inspection "process will be monitored, revised and expanded. This will be reviewed in early 2012
Closure	• The CD program is likely to be extended at the end of IP3. It will be reprogrammed based on the formative evaluations conducted during IP3

4.2. Activities and Schedule

The activities to be undertaken under Sub-program 2, including preparation activities in the last two quarters of 2010 required for the start up of IP3:

Components / Objectives / Deliverables and Activities		Pre-IP3 2010	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
2.1. Seting up and staffing SNAs														
2.1.1. Develop SNA structures starting with DM														
2.1.1.1. D/M/Ks fully staffed	D/M/K	x	x	x										
2.1.1.2. Province SNA fully staffed	Province	x	x	x										
2.1.1.3. Create AWG unit in Capital provincial offices	Province		x	x										
2.1.1.4. Make arrangements for the management of NCDD-S executed "projects"	Province	x	x											
2.1.1.5. Revise the civil administration structure of MOI to support NP	National		x	x	x									
2.1.1.6. Establish IP3 Sub-programe management structure and staffing	National	x	x											
2.1.1.7. Transfer CB functions, staff and Advisers from NCCD-S to MOI	National	x	x											
2.1.2. Develop regulatory instruments for SNA to immediately manage their own personnel														
2.1.2.1. Pesonnel unit of each SNA has procedures and TOR for mangament of staff	Province	x	x	x										
2.1.2.2. SNA staff reporting to govergnor in accordance with defined formates	National	x												
2.1.2.3. HR management is deconcentrated to capital, provinces and DMKs	National		x	x										
2.1.3. Provide financial incentives to SNA staff operating under special circumstances														
2.1.3.1. POC-related posts are defined and POC scheme agreed for 2011	National	x												
2.1.3.2. Post-POC arrangements agreed and put in place	National		x											
2.1.4. Prepare, with CAR, SSCS, a national HR strategy for the management of SNA HR														
2.1.4.1. National HR strategy for SNA Staff developed	National			x	x									
2.1.4.2. Staff assessment system designed	National					x	x	x						
2.1.4.3. Career development pathways identified	National								x	x	x			
2.1.5. Draft a new statute for personnel of SNAs														
2.1.5.1. Draft Civil service stature prepared for SNAs	National			x	x	x	x	x	x	x	x	x	x	x
2.2. Institutional and staff capacity development of SNAs														
2.2.1. Develop a comprehansive system of adminstration (OD) in particular at DM														
2.2.1.1. An 'SNA Operational Manual' developed	National	x												
2.2.1.2. Iterative design sites are intensively tracked	National	x	x	x	x	x	x	x	x	x	x	x	x	x
2.2.2. Prepare an overall HR Development programme														
2.2.2.1. OD Manual for CD specialists prepared in English and Khmer	National	x	x											
2.2.2.2. Initial package of materials prepared	National	x	x	x										
2.2.2.3. Definition of HR competences required	National			x										
2.2.2.4. Preparation of associated materials to assist CD activities	National			x	x	x	x	x	x	x	x	x	x	x
2.2.3. Develop capacity of Provincial CD teams														
2.2.3.1. National CD team in place, trained and supported	Province	x												
2.2.3.2. Provincial CD teams in place, trained and supported	Province		x											
2.2.4. Prepare and implement a CD programme for DMs														
2.2.4.1. Develop a work programme for each DM	Province		x		x				x					x
2.2.4.2. Cacipty of each DM meets minimum standards by end of IP3	Province			x	x	x	x	x	x	x	x	x	x	x
2.2.4.3. CD interventions are based on identified needs of CD				x	x	x	x	x	x	x	x	x	x	x
2.2.4.4. The relationship between provincial CD team and each SNA				x	x	x	x	x	x	x	x	x	x	x
2.2.5. Prepare and implement a provincial level CD programme to support DM														
2.2.5.1. CD programmes for each D/M/ supported	Province		x		x				x					x
2.2.5.2. CD programemes for Provinces prepared and implemented	Province			x	x	x	x	x	x	x	x	x	x	x
2.2.6. Establish National Institute for SNAs														
2.2.6.1. Undertake a scoping study	National								x	x	x	x	x	
2.3. Oversight and legality controls														
2.3.1. Design, pilot and implement compliance inspection routines														
2.3.1.1. Framework for oversight and regulation developed	National		x											
2.3.1.2. Inspection manual prepared	National			x										
2.3.1.3. Computerised record keeping system in place	National				x									
2.3.1.4. Joint (MOI/MEF) inspections of all D/Ms completed annually	National				x	x	x	x	x	x	x	x	x	x
2.3.2. Design, pilot and implement management standards and capacity assessments														
2.3.2.1. 'Management' standards included in Inspection manual	National													x
2.3.3. Develop arrangements for particpation in review and appeal processes														
2.3.3.1. Policy options paper prepared	National			x										
2.4. Improve the facilities and working condtions of SNA Councils and staff														
2.4.1. Construct/refurbish SNA offices and staff facilities/ equipment														
2.4.1.1. Construct/refurbish DM offices as required	National				x	x	x	x	x	x	x	x	x	x
2.4.1.2. Construct/refurbish Provincial offices as required	National				x	x	x	x	x	x	x	x	x	x

4.3. Resources and Costs

The total cost of the sub-program include staff and activities at the National, Provincial and DMK levels, together with an estimate of the additional infrastructure and facilities required is US$32.5 million over three years (Table 2.1) of which US$12.5 million relates to infrastructure and facilities. A detailed breakdown of costs is provided in table 2.2 to 2.6.

The total cost (excluding infrastructure) amounts to US$ 20.0 million over three years of which 42% relates to the cost to staff and experts, 24% to equipment and running costs and the remaining 34% to program activities. Staff costs comprise a large proportion of both the capacity development and oversight activities and these have not been apportioned between outputs. Further, the non-incremental staff costs covered by the fiscal transfers have not been included in this table.

The cost of activities (other than staff and experts) has been included for:
- capacity development;
- oversight and regulation;
- communications and public awareness;
- provision of services through a "one window service"; and
- the digitisation of civil registration data.

Table 2.1: Summary of Sub-Program Costs

Descriptions	2011	2012	2013	Total
Sub-programme staff				
National level	87,840	59,040	59,040	**205,920**
Provincial level	730,020	696,900	696,900	**2,123,820**
DM level	486,360	486,360	486,360	**1,459,080**
Sub-total	**1,304,220**	**1,242,300**	**1,242,300**	**3,788,820**
Advisers				
Experts	1,276,800	1,276,800	1,276,800	**3,830,400**
ST experts	206,000	184,000	184,000	**574,000**
Sub-total	**1,482,800**	**1,460,800**	**1,460,800**	**4,404,400**
Programme activities				
Capacity development activites	1,636,020	830,880	570,330	**3,037,230**
Oversight and compliance activities	80,850	80,850	80,850	**242,550**
Communication activities	100,000	100,000	100,000	**300,000**
One window service	347,000	462,000	577,000	**1,386,000**
Civil registration digitisation	672,000	672,000	336,000	**1,680,000**
Sub-total	**2,835,870**	**2,145,730**	**1,664,180**	**6,645,780**
Equipment and transport				
National level	132,000	-	-	**132,000**
Provincial level	292,000	172,000	172,000	**636,000**
D/M - level	-	-	-	**-**
Sub-total	**424,000**	**172,000**	**172,000**	**768,000**
Operating costs				
National level	98,800	98,800	98,800	**296,400**
Provincial level	1,236,600	1,236,600	1,236,600	**3,709,800**
DM level	-	-	-	**-**
Sub-total	**1,335,400**	**1,335,400**	**1,335,400**	**4,006,200**
Total cost (before infrastructure)	**7,382,290**	**6,356,230**	**5,874,680**	**19,613,200**
Civil works				
DM level	6,855,000	4,075,000	350,000	11,280,000
Provincial level	1,200,000	-	-	1,200,000
Sub-total	**8,055,000**	**4,075,000**	**350,000**	**12,480,000**
Total Cost (sub-programme)	**15,437,290**	**10,431,230**	**6,224,680**	**32,093,200**

Table 2.2: National Level Costs

Description	Unit	Unit Cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Programme mgmt staffing costs (POC)										
Programme manager	p/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Exec Deputy Manager	p/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Admin officer	p/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Accounts and budgeting officer	p/m	300	24	7,200	24	7,200	24	7,200	72	21,600
CD Officer	p/m	300	96	28,800	24	7,200	24	7,200	144	43,200
MIS/M&E officer	p/m	300	48	14,400	24	7,200	24	7,200	96	28,800
Infrastructure officer	p/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Safeguards officers	p/m	300	48	14,400	48	14,400	48	14,400	144	43,200
NAWG Officer	p/m	300	24	7,200	24	7,200	24	7,200	72	21,600
Sub-total (Mgmt costs)				**87,840**		**59,040**		**59,040**		**205,920**
Technical services (Advisers)										
CD Advisers (National) x 3	p/m	2,500	36	90,000	36	90,000	36	90,000	108	270,000
Information Mgmt Adviser	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
AWG/M&E Adviser	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Admin/Finance Adviser	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Infrastructure Adviser (National)	p/m	2,500	24	60,000	24	60,000	24	60,000	72	180,000
Infrastructure Advisers (1 per prov)	p/m	1,200	288	345,600	288	345,600	288	345,600	864	1,036,800
CD Advisers (2 per province)	p/m	1,200	576	691,200	576	691,200	576	691,200	1728	2,073,600
Sub-total (Advisory costs)				**1,276,800**		**1,276,800**		**1,276,800**		**3,830,400**
S/T experts										
Consultants (International)	p/m	22,000	6	132,000	6	132,000	6	132,000	18	396,000
Consultants (National)	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Consultant (Compliance system)	p/m	22,000	2	44,000	1	22,000	1	22,000	4	88,000
Sub-total (Workstreams)				**206,000**		**184,000**		**184,000**		**574,000**
CD activities (National CD team development)										
National trainers	p/d	250	30	7,500	30	7,500	30	7,500	90	22,500
National training events (DSA)	p/d	20	300	6,000	300	6,000	300	6,000	900	18,000
National workshops	p/d	5	300	1,500	300	1,500	300	1,500	900	4,500
Sub-total (CB - National)				**15,000**		**15,000**		**15,000**		**45,000**
CD actvities (Provincial CD team development)										
National trainers	p/d	250	72	18,000	72	18,000	72	18,000	216	54,000
National training events (DSA)	p/d	20.00	1,080	21,600	1,080	21,600	1,080	21,600	3240	64,800
National training events (Travel)	p/d	20.00	360	7,200	360	7,200	360	7,200	1080	21,600
Provincial training events (DSA)	p/d	7.50	1,080	8,100	1,080	8,100	1,080	8,100	3240	24,300
Provincial workshops	p/d	3	1,080	3,240	1,080	3,240	1,080	3,240	3240	9,720
Sub-total (CB - Provincial)				**58,140**		**58,140**		**58,140**		**174,420**
Oversight and compliance activities										
DM Compliance Inspection events	p/d	7.50	3,860	28,950	3,860	28,950	3,860	28,950	11580	86,850
CS Compliance inspection events	p/d	3.50	6,600	23,100	6,600	23,100	6,600	23,100	19800	69,300
Province Compliance inspections events	p/d	30.00	960	28,800	960	28,800	960	28,800	2880	86,400
Sub-total (Oversight and compliance activities)				**80,850**		**80,850**		**80,850**		**242,550**
Communications										
Media events	event	10,000	6	60,000	6	60,000	6	60,000	18	180,000
Publications	year	Ls		40,000		40,000		40,000		120,000
Sub-total (Communications)				**100,000**		**100,000**		**100,000**		**300,000**
One window service development										
Civil works (see Civil works table)										
Induction training	year	5,000	5	25,000	5	25,000	5	25,000	15	75,000
Running costs (staff, etc)	year	20,000	14	280,000	19	380,000	24	480,000	57	1,140,000
Public enagement costs	year	3,000	14	42,000	19	57,000	24	72,000	57	171,000
Sub-total (OWSO)				**347,000**		**462,000**		**577,000**		**1,386,000**
Civil Registration Support										
Civil registration record entry	Record	0.12	4,800,000	576,000	4,800,000	576,000	2,400,000	288,000	12,000,000	1,440,000
Civil registration record scanning Assistant	per/m	200.00	192	38,400	192	38,400	96	19,200	480	96,000
IT Advisers (National)	per/m	1,100.00	36	39,600	36	39,600	18	19,800	90	99,000
Equipment maintenance	lum	1,500.00	12	18,000	12	18,000	6	9,000	30	45,000
Sub-total (civil registration)				**672,000**		**672,000**		**336,000**		**1,680,000**
Equipment and transport										
Furniture	Set	1,000	19	19,000		-		-	19	19,000
Equipment	Set	2,000	19	38,000		-		-	19	38,000
Vehicles - car	Veh	25,000	3	75,000		-		-	3	75,000
Sub-total (Equipment/transport)				**132,000**		**-**		**-**		**132,000**
Operating costs										
Fuel+maintenance (Cars)	veh/m	1,000	36	36,000	36	36,000	36	36,000	108	108,000
Office consumables/Comms	p/m	100	228	22,800	228	22,800	228	22,800	684	68,400
Publications	year	5	6000	30,000	6000	30,000	6000	30,000	18000	90,000
Misc	LS	10,000	1	10,000	1	10,000	1	10,000	3	30,000
Sub-total (Operating costs)				**98,800**		**98,800**		**98,800**		**296,400**
Total				**3,074,430**		**3,006,630**		**2,785,630**		**8,866,690**

Table 2.3: Provincial Level Costs

Description	Unit	Unit Cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Provincial salakhet POCS										
Management (1)	month	115	288	33,120	288	33,120	288	33,120	864	99,360
Administration (2)	month	115	576	66,240	288	33,120	288	33,120	1,152	132,480
HRM (CD team) (2)	month	115	576	66,240	864	99,360	864	99,360	2,304	264,960
Finance team (3)	month	115	864	99,360	864	99,360	864	99,360	2,592	298,080
Planning Invest M&E team (3)	month	115	864	99,360	576	66,240	576	66,240	2,016	231,840
Infrastructure (193 - transfer to DMK)	month	115	2,316	266,340	2,316	266,340	2,316	266,340	6,948	799,020
AWG Staff (2)	month	115	576	66,240	576	66,240	576	66,240	1,728	198,720
Internal auditor (1)	month	115	288	33,120	288	33,120	288	33,120	864	99,360
Sub-total (staff costs)				**730,020**		**696,900**		**696,900**		**2,123,820**
CD activities										
Provincial activities (DSA)										
Attend National events	day	20.00	600	12,000	600	12,000	600	12,000	1,800	36,000
D/M/K Activities									-	
DSA for Provincial CD teams	day	7.50	9,264	69,480	6,912	51,840	6,912	51,840	23,088	173,160
DSA for Provincial CD trainers	day	20.00	9,264	185,280	6,912	138,240	6,912	138,240	23,088	461,760
Travel cost		5.00	4,464	22,320	6,912	34,560	6,912	34,560	18,288	91,440
Launch/review programme (30 people)	p/d	5.00	46,320	231,600		-			46,320	231,600
CD programme (2 days/month) 15 people	p/d	5.00	69,480	347,400	34,740	173,700	17,370	86,850	121,590	607,950
Training materials	p/p	5.00	69,480	347,400	34,740	173,700	17,370	86,850	121,590	607,950
C/S Activities									-	
CD programme (1 days/month) 15 people	p/d	5.00	34,740	173,700	17,370	86,850	8,685	43,425	60,795	303,975
Training materials	p/p	5.00	34,740	173,700	17,370	86,850	8,685	43,425	60,795	303,975
Sub-total (OD/CB programme)				**1,562,880**		**757,740**		**497,190**		**2,817,810**
Equipment and transport										
Furniture	Set	5,000	24	120,000		-		-	24	120,000
Equipment (replacement)	Set	5,000	8	40,000	8	40,000	8	40,000	24	120,000
CD equipment sets	Set	1,000	24	24,000	24	24,000	24	24,000	72	72,000
Vehicles - m/cycles	Veh	1,500	72	108,000	72	108,000	72	108,000	216	324,000
Sub-total (transport)				**292,000**		**172,000**		**172,000**		**636,000**
Operating costs										
Fuel etc (Vehicle)	veh/m	1,000	864	864,000	864	864,000	864	864,000	2,592	2,592,000
Fuel etc (Motorcycles)	veh/m	25	6,648	166,200	6,648	166,200	6,648	166,200	19,944	498,600
Office consumables	set/m	300	288	86,400	288	86,400	288	86,400	864	259,200
Miscellaneous	year	5,000	24	120,000	24	120,000	24	120,000	72	360,000
Sub-total (Operating costs)				**1,236,600**		**1,236,600**		**1,236,600**		**3,709,800**
Total				**3,821,500**		**2,863,240**		**2,602,690**		**9,287,430**

Table 2.4: DMK Level Costs

Description	Unit	Unit Cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
D/M/K staff POC										
C/S Support officers (3)	p/m	70	6,948	486,360	6,948	486,360	6,948	486,360	20,844	1,459,080
Sub-total (staff costs)				486,360		486,360		486,360		1,459,080
CD activities										
Provincial budget - See above table										
NCCD-S budget - SP1										
Sub-total (CD activities)										
Operating costs (under D/M fund)										
Office costs (offices)										
Running costs (motorcycles)										
Sub-total running costs)										
Total				**486,360**		**486,360**		**486,360**		**1,459,080**
Estimated runniong costs to be covered under D/M fund										
Office costs (offices)	p/m	100	2,316	231,600	2,316	231,600	2,316	231,600	6948	694,800
Running costs (motorcycles)	p/m	25	6,948	173,700	6,948	173,700	6,948	173,700	20844	521,100
Sub-total				**405,300**		**405,300**		**405,300**		**1,215,900**
Grand Total				**891,660**		**891,660**		**891,660**		**2,674,980**

Table 2.5: Costs for Improving DMK Facilities

Description	Unit	Unit Cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Council facilities (D/M/K)										
Civil works (extensions)	Office	25,000	50	1,250,000	143	3,575,000		-	193	4,825,000
Furniture	Set	3,000	143	429,000	50	150,000		-	193	579,000
Equipment	Set	2,000	193	386,000		-		-	193	386,000
Sub-total				**2,065,000**		**3,725,000**		**-**		**5,790,000**
Administration facilities (D/M/K)										
Civil works (New offices)	Office	125,000	8	1,000,000		-		-	8	1,000,000
Civil Works (Upgrade large	Office	20,000	40	800,000		-		-	40	800,000
Civil works (Upgrade medium)	Office	15,000	45	675,000		-		-	45	675,000
Civils works (Upgrade small)	Office	10,000	100	1,000,000		-		-	100	1,000,000
Furniture	Set	3,000	193	579,000		-		-	193	579,000
Equipment	Set	2,000	193	386,000		-		-	193	386,000
Sub-total				**4,440,000**		**-**		**-**		**4,440,000**
One-window service facilties										
Civil works	Office	50,000	5	250,000	5	250,000	5	250,000	15	750,010
Furntiure and equipment	Office	20,000	5	100,000	5	100,000	5	100,000	15	300,010
Sub-total				**350,000**		**350,000**		**350,000**		**1,050,020**
Total				**6,855,000**		**4,075,000**		**350,000**		**11,280,020**

Table 2.6: Costs for Improving Provincial Facilities

Description	Unit	Unit Cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Civil works and equipment (Province)										
Office upgrades (Council)	Office	50,000	24	1,200,000		-		-		1,200,000
Sub-total (Civil works)				**1,200,000**		**-**		**-**		**1,200,000**
Total				**1,200,000**		**-**		**-**		**1,200,000**

4.4. Financing

The figures reflected in the above table relate to *incremental costs* of Sub-program 2, including the "priority operational costs" (POC) that would supplement the remuneration of Civil Service employees assigned to the sub-program at the national, provincial and DMK levels.

5. SUB-PROGRAM CONSIDERATIONS

5.1. Assumptions and Risks

The key assumptions and associated risks underlying the implementation of Sub-Program 2 are as follows:

Assumptions	Risks	Implications/Mitigation
1. MOI is able to fill posts in the SNAs with competent staff, capable of adapting to new systems and approaches, and motivated to stay in post.	Medium - High	The danger here is that capacity-building activities are ineffective and do not result in increased capacity of SNA. *Some staff positions have been identified for POC and Advisers have been assigned to critical roles.*

2. Councils are able and prepared to accept their new mandate.	High	Councils are very new and their capacity to understand their overall mandate and responsibilities is relatively low.
		
		The new DMK administrations will be directly supported through several sub-programs:
		    a). NP Advisers in each DMK (Sub-program 1)
		    b). Provincial OD Team (Sub-program 2), and
		    c). Council Mentors (Sub-program 6)

	Assumptions	**Risks**	**Implications/Mitigation**
3.	Government systems can be developed and introduced sufficiently quickly and effectively in order to retain the confidence of staff and citizens.	High	The Sub-program, which is being introduced across all 193 DMKs, will both develop and use Government systems. In order to ensure confidence, the program will need to be rolled out quickly and effectively. *Preparation of the CD manual has already started under the 2010 AWPB, and capacity building for the National CD team will start as soon as MOI civil administration structure reorganisation and posting is complete.* *The National CD team will need to be fully staffed and resource from the on-set, as OD interventions will be provided simultaneously to DMKs across the country.*
4.	The Provincial CD teams will work with, and coordinate activities, with specialists in other sub-programs.	Low	DMKs will be responsible for administration, planning, budgeting, financial management and contracting, etc, support by Provincial CD teams. This will require support from MOI, MEF, MOP and other relevant ministries. *The development of a common "overview" or "vision" package will help to ensure a consistent approach is taken throughout.* *The AWPB at Capital, Province and DMK levels will ensure the sub- programs are integrated.* *The NCDD-S NP Advisers at Capital, Province and DMK levels will help to ensure an integrated program of support.*
5.	There is little resistance to the change in approach to CD – from traditional "training" to a more facilitated series of interventions, using a wider range of instruments.	Low	The new range of techniques and approaches towards capacity development (CD) will need to be supported. The approach requires a series of interventions over time - it is not a one-time training event but an internationally recognized, effective and proven capacity development practice. As a result, there may be resistance as the previous approach to capacity development which has relied mainly on training events. *At the beginning of the program, the concept and strategy for the CD program will be explained widely.* *The members of the Provincial CD teams, for whom the approach will be new, will be carefully selected and well trained.*
6.	The new concepts, set out in the NP and IP3, are not compromised by existing understandings		There are a number of conceptual issues which will be new and different to many people. These include the ideas of: a). autonomy under law for the Council's general mandate; b). the role of Councils as "policy and decision-making" bodies rather than as 'rubber stamp institutions' or de-concentrated agents of the state delivering services; c). the accountability of the Board and Administration to the Councils; and d). "legality and democratic" control over SNAs rather than " administrative" controls.

Assumptions	Risks	Implications/Mitigation
		The danger for the program is that the previous concept of hierarchical administrative control will continue to operate and limit the development of the new SNAs as democratic and accountable bodies. *The CD unit will prepare an initial "overview/vision" package setting out these principles. This vision will inform capacity-building guidelines and manuals in all sub-programs*

6.   SUB-PROGRAM M&E FRAMEWORK

Sub-Program 2 aims to build the human resources and organizational capacities of SNAs, primarily DMs. The focus is on administrators and the capacities delivered concern systems and processes, staffing, transforming the role of Capital and Provincial Administrations into one of support and advice, and the provision of infrastructure and equipment.

Quarterly reporting arrangements will focus on whether deliverables were produced as expected on time, on budget, and of the specified quantities and qualities. Information for quarterly reports will be provided by the SP management team, using a computerized planning, budgeting, monitoring and reporting system.

The remainder of this section provides the underlying logic and indicators that will be used to assess the sub-program performance. In all cases, indicators will have targets, and during implementation actual (realized) values will be compared with these targets.

Components 2.1 concerns arrangements for ensuring SNAs have the staff they require to undertake their functions. It involves first a temporary transfer and later a more permanent arrangement under the sub-national civil service code. In order to assess the posting of staff, annual data will be collected which describes: (i) the number of staff posted (by gender), in relationship to the establishment and (ii) the qualification of key staff, and whether staff postings have been successful in attracting and retaining staff in more remote or challenging areas. These components also concern the development of a regulatory framework (regulations, guidelines, etc.) that will shape capacity building at DMK level.

Component 2.2 concerns the development of SNA capacity; it describes how HR management and administration will be improved in SNAs, primarily DMs. From an M&E perspective the objective is to find out whether capacities to undertake improved HR management and administration are in place, whether the systems are used as intended and whether these systems are effective - i.e. whether the goals of the systems have been met. While the approach and assessment standards in respect of the audit of SNA accounts and financial statements are well defined, there is a need to develop proper measures for procurement and other aspects of financial management such as comprehensive compliance inspections and assessments of management standards.

Component 2.3 concerns the development of oversight and regulatory arrangements, which are the mandate of central Ministries but for which there is limited capacity in terms of numbers of staff and limited understanding as to how administrative control systems can be adapted to legality control. M&E arrangements will need to measure both the extent to which these checks are being undertaken, the approach used and the quality and validity of the data produced. The data from these inspections will also inform the overall program reporting and M&E.

Component 2.4 describes the development of facilities and the provision of equipment to DMs and Provinces.

Milestones:

Milestones are significant activities, selected from the deliverables and objectives because they are representative of overall progress or because they track progress towards key strategic changes. The proposed milestones focus on establishing the initial conditions for implementation of the IP3.

1. Regulations on HR management and administration for SNA are adopted before the end of the first quarter of 2011.
2. Core Human Resource Management and administrative competencies and levels of capacity required for SNA officials to efficiently perform their duties are defined in a NCDD-issued guidelines by end of first quarter of 2011
3. All posts in DMs are filled by June 2011.
4. Manuals, Guidelines and training materials for CD completed by 1 April 2011.

The table below summarizes the indicators which will be used to monitor the Sub-Program's achievements:

Table 2.7: Results Framework for Sub-Program2

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
2.1. Set up and staff SNAs and	Staff in place according to organizational structures and establishment	Vacancy rate	100%				Data to be incorporated into the CDB and self reported by SNAs. Calculated as the number of staff in post divided by the number of posts. Disaggregated by each SNA and comparing Provinces, DMs, and CSs; should also compare broad classifications of positions (upper level management, mid-level management, etc)
		Comparative vacancy rate for "hard to reach" areas as a % of more accessible ones	N/A				Calculated as the occupancy rate in remote ("hard to reach areas") as a % of the occupancy rate in more accessible areas.
		% of SNA staff having at least a university degree					Data to be incorporated into the CDB and self reported by SNAs. Disaggregated by each SNA and comparing Provinces, DMs, and CSs
		% of staff who are female					Data to be incorporated into the CDB and self reported by SNAs. Disaggregated by each SNA and comparing Provinces, DMs, and CSs; should also compare broad classifications of positions (upper level management, mid-level management, etc)
2.2. Institutional and Staff Capacity Development	SNAs have the capacity to manage their HR and administrations and are the tools and systems as expected	Total number of person days of training provided to DMs					Disaggregated by recipient of training, type of training and training provider
		% of staff working at SNAs who were recruited by SNAs					Disaggregated by each SNA and comparing Provinces, DMs, and CSs;
		% of DMs receiving at least 5 complaints from citizens					This indicator aims to monitor whether complaints handling systems are functional and have some level of confidence of citizens.
		Number of administrative staff disciplined through council order					
		Average competency assessment score (*)	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
		Average compliance inspection score (*)(for HR and administration)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. Disaggregated by compliance domain (area) and type or classification of DM
		Average management standards assessment score (*)(for HR and administration)	N/A	↑	↑	↑	Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
2.3. Oversight and Legality Controls	National organizations have the capacity to exert effective legality control vis a vis SNAs	Number of SNAs inspected for compliance with HR management and administrative rules and regulations	0				Results from compliance inspections developed under SP1. To be disaggregated by type or classification of DM
		Number of SNAs whose HR management and administrative standards were assessed	0				Results from management standards assessment s developed under SP1. To be disaggregated by DM
2.4 Improvement of SNA System Operating Conditions	Facilities constructed and equipment provided according to plan	Cumulative Number of DMK offices refurbished	0	20	86	193	Data from sub-program 2 administrative records
		Cumulative Number of Provincial offices refurbished	0	4	14	24	As above

* indicates a higher level results found in the IP3 Results framework (Goals and Purpose)

Sub-Program 3

Management of SNA Human Resources

**Implementing Agency:
State Secretariat for Civil Service (SSCS)**

Components

3.1. **Transitional Arrangement for SNA Human Resource Management**
3.2. **Development of Permanent Legal Framework for SNA Human Resource Management**

CONTENTS OF SUB-PROGRAM 3

1. EXECUTIVE SUMMARY

The purpose of the Sub-Program is to enable SNAs to manage their personnel in accordance with the Organic Law and civil service code. The Sub-Program is built around four objectives and is expected to yield the following deliverables:

Objectives	Deliverables
To develop arrangements for HR management of staff assigned to SNAs before civil service statute comes into existence.	- Develop legal and regulatory arrangements for SNA staff management design before civil service statute comes into existence - Evaluation of the arrangement before civil service statute comes into existence
To develop a Strategy for the management and development of SNA personnel	A strategy for the management and development of SNA human resources adopted
To develop and issue new statute for SNAs personnel	- Policy/Discussion paper in consultation with different stakeholders - Statute for SNA civil service - Implementing regulations associated with civil service statute

The designated national implementing agency for the Sub-Program 3 is the State Secretariat for Civil Service (SSCS), in coordination with the Council for Administrative Reform (CAR), the Ministry of Interior (MOI) and the Secretariat of the National Committee for Sub-national Democratic Development (NCDD-S).

2. SUB-PROGRAM DEFINITION

2.1. Vision

The purpose of the Sub-program is to enable SNAs to manage their personnel in accordance with Organic Law and civil service code, through the development of a regulatory framework for SNA personnel management, then a comprehensive sub-national human resources strategy that will inform and underpin a new statute for the sub-national civil service.

Many of the staffing issues will need to be addressed by MOI and these are described in Sub-program 2. The role of the State Secretariat for Civil Service (SSCS) is to ensure that these arrangements are consistent with current national codes and procedures and to develop new arrangements under the Public Administration Reform (PAR) program. Within the scope of the PAR program, there is a need to address specific aspects of the decentralization program, especially those related to (a) the autonomy of SNA in appointing and managing staff and (b) the nationally agreed remuneration scales and schemes.

As well as these practical considerations, there is also the opportunity to develop a cadre of SNA professionals with recognized skills. These skills should be defined and assessed based on an analysis of the competences required to implement the SNA processes developed during IP3. The assessment system can be linked to promotion and to salary scales. Such a system of competence – based assessment (CBA) will generate demand for service providers – capacity development organizations- who can address the training and coaching needs of staff, based on defined competences. These ideas are developed in sub-program 2, but need to be linked to the longer term plans for staff remuneration and individual career development pathways.

2.2. Components and Objectives

This sub-program includes the following Components and Objectives which are consistent with the National Program for Sub-National Democratic Development.

Component	Objective	Rationale
3.1. Transitional arrangements for SNAs Human Resources management	3.1.1. To develop transitional arrangements for management of staff assigned to SNAs	Staff is being assigned to the SNA; and therefore, SNA will need to have some formal rules to guide in the management of their personnel; initially, transitional arrangements will have to be developed and applied until a civil service statute for SNA personnel is issued.
	3.1.2. To agree arrangements for paying civil servants associated with key implementation responsibilities during the capacity building (step-up) phase of the national program i.e. over the life of IP3.	At the SNA level, to enable and encourage competent civil servants, many of who have had previous experience of promoting decentralisation, to take up posts in the new SNAs, rather than seek higher paid posts in other projects and with international NGOs\n\nAt national level, to enable key officials in core Ministries to engage in IP3 –related activities (developing and expanding capacity) at both national and provincial levels of their Ministries.\n\nWithin NCCD-S, to recognise the additional responsibilities of being seconded to NCCD-S.\n\nThe currently agreed mechanism to make these payments requires each Ministry to prepare a proposal under the 'Priority Operating Costs' (POC) scheme for the period of IP3.
3.2. Permanent Regulatory Framework for SNA Human Resources management	3.2.1. To develop a Strategy for the management and development of SNA personnel	To prepare the ground for moving from the temporary arrangement to a permanent system, a national strategy for the management and development of the SNA's human resources shall have to be developed. Such strategy is expected to spell out: • General principles of local service employment: tenure, career paths, pension rights etc. • Policies for Human Resources management and development (employment , benefits, discipline, ..), which are gender-sensitive • A framework for developing capacity of the SNA personnel
	3.2.2. To develop and issue new statute for SNAs personnel	The evaluation of the temporary arrangement and the national strategy shall be the basis for the development of the SNA personnel legal framework in the form of a "*Statute of Sub-National Personnel*", together with attendant regulations and rules - as required by the Organic Law.

2.3. Deliverables

Sub-Program 3 is expected to produce the following deliverables:

Objectives	Deliverables
3.1.1. Develop transitional arrangements for management of staff assigned to SNAs	3.1.1.1. Develop legal framework for management of SNA personnel until the civil service statute for SNA personnel is issued. 3.1.1.2. Evaluate the transitional arrangement until the civil service statute for SNA personnel is issued
3.1.2. Agree arrangements for paying Civil servants associated with key implementation responsibilities during the capacity building (step-up) phase of the national program i.e. over the life of IP3.	3.1.2.1. Agreed POC scheme for 2011 3.1.2.2. Agreed future remuneration rates and schemes.
3.2.1. Develop a Strategy for the management and development of SNA personnel	3.2.1.1. A strategy for the management and development of SNA human resources adopted
3.2.2. Develop and issue new statute for SNAs personnel	3.2.2.1. Policy/discussion paper and discussion with relevant stakeholders on different options for development of civil service statute for SNA. 3.2.2.2. Statute for SNA civil service in place 3.2.2.3. Implementing regulations developed and issued

3. SUB-PROGRAM ORGANIZATION

3.1. Implementation Responsibilities

The designated national implementing agency for the IP3/Sub-Program 3 is the State Secretariat for Civil Service (SSCS), in coordination with the Council for Administrative Reform (CAR), the Ministry of Interior and the Secretariat of the National Committee for Sub-national Democratic Development (NCDD-S), under the policy guidance of NCDD.

Respective responsibilities are outlined below:

Institutional Actor	Responsibility in Sub-Program3
State Secretariat for Civil Service (SSCS)	• To set up and equip with necessary office space and other administrative logistics a Sub-Program Management Team to manage the implementation of the Sub-Program and produce all deliverables as listed above. • To open in the name of the Sub-Program an imprest account for the purpose of receiving and managing resources transferred by the NCDD-S for the implementation of Sub-Program 3. • To submit to NCDD-S, in the format and timeframe specified by NCDD-S, requests for the replenishments of imprest account of the Sub-Program Management Team.

Institutional Actor	Responsibility in Sub-Program3
	• To prepare an AWPB for the Sub-program 3 and related resources requirements estimates. • To request and obtain from NCDD-S, prior to advertisement, a "No Objection" on the Terms of Reference (TOR) and contracting modalities of all national and international technical advisory personnel to be employed for the purpose of implementing Sub-Program 3. • To involve a representative of NCDD-S in all panels for selection of providers of TA services and obtain NCDD-S clearance prior to the signing of all related services contracts • To submit to NCDD-S quarterly technical and financial reports on the implementation of Sub-Program 3 in a format to be specified by NCDD-S indicating progress in delivery of agreed outputs • To draw NCDD-S attention to any policy, technical and other issues that might be affecting the implementation of Sub-Program 3 and the achievement of its objectives.
Council for Administartive Reform (CAR)	• To provide policy advice and assistance to SSCS in the implementation of the Sub-Program; and at the same time • To ensure that the deliverables of the Sub-Program are consistent with the Administrative Reform principles and objectives.
NCDD-Secretariat	• To develop and administer the implementation of an Agreement of NCDD with the State Secretariat for Civil Service in respect of implementing the Sub-Program. • Based on NCDD-approved AWPB, make advances, replenishments, transfers and payments, into (i) the SP Management Team imprest account, or (ii) make direct payment to suppliers of goods or services to be procured under the Sub-Program, as appropriate. • To issue "No Objections" to the TOR of national and international advisers and consulting firms (if any) and participate in the panels for their selection and recruitment. • To oversee all aspects of the implementation of the NCDD agreement with SSCS, monitor the progress of Sub-Program 3 against NCDD-approved AWPB.
NCDD (SNA Personnel Sub-Committee)	• To review and endorse draft policy and legal instruments developed by the Sub-Program 3 and submit them to NCDD for approval.
Provincial Administrations	• To implement the transitional arrangements (for staff management) to be developed by the Sub-Program • To report to the SSCS on the progress made in the implementaion of the arrangements, and any problems/difficulties encountered.

The Diagram below summarizes graphically the relationships and the related distribution of responsibilities and resources among the main actors involved in the implementation of Sub-Program 3.

Sub-Program Implementation Agreement
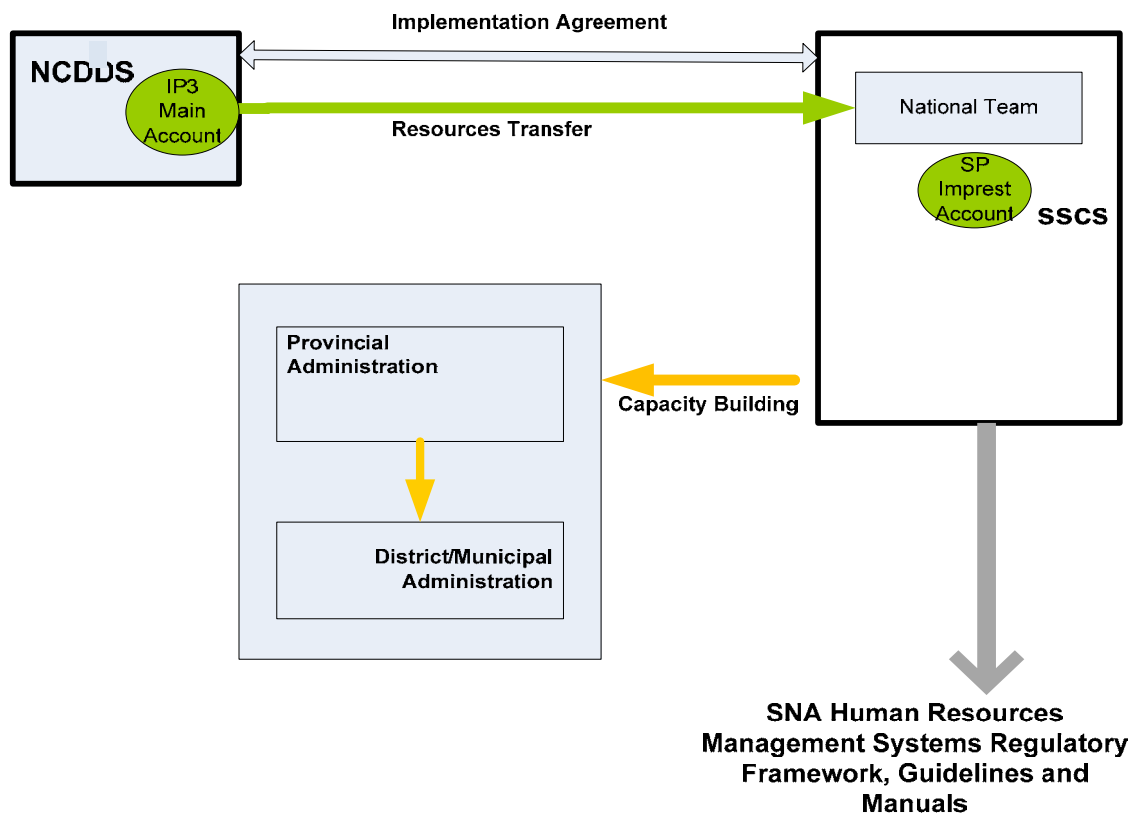
3.2. Implementation Arrangements

A). Sub-Program Management

To implement the Sub-Program, the State Secretariat for Civil Service shall set-up a "Sub-Program Management Team" to be staffed as follows:

Position	Number	Status
SP Manager	1	SSCS Staff (under POC)
SP Executive Deputy Manager	1	SSCS Staff (under POC)
Finance Officer	1	SSCS staff (under POC)
Administrative assistant	1	SSCS staff (under POC)
HR Policy Adviser	1	National contract
Consultant (short term)	....	International and national contract

The State secretariat of civil service (SSCS) will be responsible for the implementation of the Sub-Program in accordance with the Agreement signed with NCDD, and will to this end perform the following tasks:
- Prepare and monitor the execution of an annual work plan and budget (AWPB) of all activities under the Sub-Program;
- Mobilize and follow up inputs from within and outside SSCS that are concerned with the implementation of the Sub-Program;

- Manage contracts for TA and other services related to the implementation of the Sub-Program;
- Manage the Sub-Program imprest account;
- Report to NCDD-S and on the implementation of the Sub-program;
- Participate in meetings and events hosted by NCDD-S in relation to the IP3 implementation.

B). Contractual and Flow of Funds Arrangements (NCDDs-SSCS)

The diagram below describes the relations between the IP3 executing agency (NCDD-S) and the Sub-program implementing institution SSCS:

- An **Implementation Agreement** shall be signed by NCDD and SSCS detailing the roles and obligations of the two Parties and the Sub-Program implementation modalities ;
- The Sub-program manager shall access and manage the resources needed for the implementation of the Sub-Program via the establishment of a Sub-Program **Imprest Account (SPIA)**, in accordance with the rules and the purposes detailed in the Implementation Agreement;
- The Imprest Account shall be regularly replenished based on reporting, work plan and proper documentation of transactions settled through the account;
- It is assumed that IP3 (all sub-programs) capacity development activities occurring at sub-national level would be paid out of a single IP3 **Capital and Provincial Imprest Account** to be managed by the Capital / Provincial Governor as delegated by NCDD-S.

4. SUB-PROGRAM IMPLEMENTATION PLAN

4.1. Approach

The following table describes the approach to be taken towards implementation of Sub-Program 3.

Phase	Overall Approach
Initiation	• Upon approval of the IP3, an agreement will be signed by NCDD and SSCS for the execution of the Sub-program (Sub-program Implementation Agreement – "SPIA")
Planning	• SSCS will prepare a plan for implementation, a budget and a schedule of resources requirements for the Sub-program activities to be carried out over the period 2011-13. • NCDD-S will incorporate the 2011 tranche of the above plan in the IP3 AWPB for 2011, and upon its approval by NCDD, resources will be transferred to the SSCS Sub-Program Imprest Account in accordance with the schedule and modalities detailed in the Implementation Agreement. The process will be repeated in the two following years. • At the same time, SSCS will have established and staffed the Sub-Program. One National Adviser will be selected, cleared by NCDD-S and recruited (a panel with NCDD-S representation will be established to carry out the selection process) • An international consultant(s) will be selected, cleared by NCDD-S and recruited.

Phase	Overall Approach
Delivery	• Policy papers and draft legal instruments pertaining to SNA Human Resources management will be prepared and submitted to NCDD for endorsement; • Eventually, capacity development tools (manuals, guidelines) will be developed, tested and disseminated; • Training will eventually have to be delivered to the relevant Capital and Provincial Administration staff on the use of the transitional arrangements.
In-progress Evaluation	• NCDDS will arrange for an evaluation by National and International consultants on the progress of SNA Human Resource management system during the IP3 time span.
Closure	• Based on the above in-progress evaluations, SSCS and NCDD-S will decide on the either termination of the Sub-program at the end of 2013 or extended through the successive phases of the NP-SNDD.

4.2. Activities and Schedule

The activities relate to immediate actions to agree temporary arrangements to enable the program to start and longer term activities to put in place more permanent arrangements (Table 3.1).

Table 3.1: Schedule of Activities

Components	Pre-IP3 2010	2011 Quarter				2012 Quarter				2013 Quarter			
Objectives		1	2	3	4	1	2	3	4	1	2	3	4
Deliverables and Activities													
3.1. Transitional arrangements for SNAs Human Resources management													
3.1.1. Agree transitional arrangements for management of staff assigned to SNAs													
3.1.1.1. Develop legal framework for management of SNA personnel	x	x	x										
3.1.1.2. Evaluate the transitional arrangement					x				x				x
3.1.2. Agree temporary arrangements for paying Civil servants associated with key implementation responsibilities during the capacity building (step-up) phase of the national programme i.e. over the life of IP3.													
3.1.2.1. Agreed POC scheme for 2011.		x											
3.1.2.2. Agreed remuneration scales and schemes for 2012 onwards.					x								
3.2. Permanent Regulatory Framework for SNA Human Resources management													
3.2.1. Develop a Strategy for the management and development of SNA personnel													
3.2.1.1. A strategy for the management and development of SNA human resources adopted													
Consultancy to set out HR framework			x										
Consultancy to develop competency-based assessment (with MOI)				x									
Consultancy to set out options for Local Governent CD Institute (with MOI)				x									
3.2.2. Develop and issue new statute for SNAs personnel													
3.2.2.1. Preparation of Policy/Discussion paper to frame SNA statute			x	x									
3.2.2.2. Drafting of statute for SNA civil service					x	x	x	x	x	x	x	x	x
3.2.2.3. Drafting of implementing regulations											x	x	x

4.3. Resources and Cost

The total cost of Sub-Program 3 over the period 2011-2013 is estimated at US$ 492,880 (Table 3.2).

Table 3.2: Estimated Cost of Sub-Program 3

Descriptions	Unit	Unit Cost (USD)	2011		2012		2013		Total	
			Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
Programme mgmt staffing costs (POC)										
Programme manager	p/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Exec Deputy Manager	p/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Admin officer	p/m	180	12	2,160	12	2,160	12	2,160	36	6,480
Accounts and budgeting officer	p/m	180	12	2,160	12	2,160	12	2,160	36	6,480
Sub-total (Mgmt costs)				**12,960**		**12,960**		**12,960**		**38,880**
Technical services (Advisers)										
International Consultant	p/m	22,000	6	132,000	4	88,000	4	88,000	14	308,000
Policy Adviser (National)	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Sub-total (Advisory costs)				**162,000**		**118,000**		**118,000**		**398,000**
Equipment and transport										
Office equipment		2,000	2	4,000		-		-	2	4,000
Office furniture		1,000	4	4,000		-		-	4	4,000
Sub-total (Equipment)				**8,000**		**-**		**-**		**8,000**
Operating costs										
Office consumables	set/m	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Publications	year	5	400	2,000	400	2,000	400	2,000	1200	6,000
Miscellaneous	year	2,000	1	2,000	1	2,000	1	2,000	3	6,000
Sub-total (Operating costs)				**16,000**		**16,000**		**16,000**		**48,000**
Grand total				**198,960**		**146,960**		**146,960**		**492,880**

4.4.   Financing

The figures reflected in the above table relate to the *incremental costs* of the Sub-program 3, including the "priority operational costs (POC)" that, until the end of 2011, would supplement the remuneration of civil service employees assigned to the Sub-program.

5.   SUB-PROGRAM CONSIDERATIONS

5.1.   Assumptions and Risks

Assumptions	Risk	Implications/mitigation
Immediate		
1. Temporary arrangements are fully understood at the SNA level, ensuring that (a) SNAs can exercise their autonomy and that, (b) SNA staff are not subject to arbitrary or ad-hoc management arrangements.	Medium	SSCS will agree the temporary arrangements, based on MOI's own procedures, but recognizing the role of the Governor as the responsible official for day-today oversight of SNA staff. MOI will ensure that these arrangements are communicated to all SNAs.
2. The 2011POC scheme is approved before the start of IP3	Low	Much of the current SNA staff capacity – competences and experience - was based in ExCom. With the closure of the ExCom structures and the transfer of its functions to different levels of SNA, these staff, many of which were associated with provincial departments, will seek employment either in the new structures or in other projects. Without a revised, time-bound, scheme few staff and therefore little capacity will carry forward into the new system.

Assumptions	Risk	Implications/mitigation
Medium Term		
3. A system for SNA remuneration is developed which (a) attracts and retains competent staff; (b) rewards performance; and (c) recognises hardship (associated with certain locations). This system replaces the present mix of salaries and supplements paid to selected staff.	Medium	Without adequate remuneration and security of appointment, employment in SNA, some which are situated in remote locations, will hold little attraction for competent staff. This will constrain the development of accountable and effective institutions.
Longer Term		
4. Long term career paths and salary scales are developed that attract and reward competent staff to make a career in SNA employment.	Medium	As above.

6. SUB-PROGRAM M&E FRAMEWORK

Sub-program 2 and 3 make arrangements to ensure SNAs have the staff they require to fulfil their functions. These arrangements involve, first, a temporary delegation of personnel management responsibilities and later a more permanent mechanism under a civil service statute for SNA.

In order to assess the posting of staff, annual data will be collected which describes:

(i) the number of staff posted (by gender); and
(ii) the qualification of key staff, and whether staff postings have been successful in attracting and retaining staff in more remote or challenging areas of work.

The relevant indicators are listed under Sub-Program 2.

Sub-Program 4

Sub-National Administration Resources

**Implementing Agency:
Ministry of Economy and Finance (MEF)**

Components

4.1. **Policy and Legal Framework for SNA Financing Mechanisms**
4.2. **SNA Financial Management and Financial Accountability Systems and Procedures**
4.3. **SNA Capacity for Financial Management and Financial Accountability**
4.4. **Central Institutions Capacity for Support and Control**

CONTENTS OF SUB-PROGRAM 4

1. EXECUTIVE SUMMARY

This Component of the first phase (IP3) of the National Program for Sub-National Democratic Development (NP-SNDD) is concerned with the development of the policy, legal and regulatory instruments of the sub-national administrations (SNA) financing, financial management and financial accountability rules and procedures and related oversight and support arrangements. More specifically, the Sub-Program 4 (SNA Finances) aims at achieving the following key objectives:

- To lay down the policy and legal framework for a sound, diversified SNA financing structure (instruments)
- To design and regulate sound financial management and financial accountability systems to be applied by SNA in managing their resources, including Gender Responsive Budgeting (GRB)
- To develop adequate capacity development tools and methodology in respect of the SNA financial management
- To design and deliver capacity in financial management to SNA.
- To mobilize and channel financial resources to SNA budgets, using various financing mechanisms
- To strengthen MEF relevant structures through various capacity development interventions (Local Finance Department, General Inspectorate Treasury System, in particular) to perform their statutory oversight and monitoring functions over increased number of SNAs, and contribute to the overall capacity development effort.

The **Ministry of Economy and Finance** (MEF) shall be the implementing institution of the Sub-Program under a contractual arrangement with the National Committee for Democratic Development (NCDD); other institutions will also contribute to the Sub-Program activities, in particular, NCDD Secretariat (NCDD-S) – the executing agency of IP3, the National Audit Authority (NAA), and the provincial administrations.

Within MEF, the implementation of the Sub-Program will be grounded in two principles:

- A *whole-of-the-ministry approach*: though the overall management responsibility will be vested with one particular structure within MEF, the Sub-Program implementation will require the active involvement of various MEF Directorates and Departments whose inputs will be crucial to the effective implementation process; and
- The Sub-program activities and the Public Finance Management Reform Program (PFMRP) Action Plan will need to be well communicated and coordinated, if not fully aligned under the overall oversight of the **PFM Reform Steering Committee** - the framework for the mobilization and coordination of all efforts to ensure greater integration and coherence with other reforms affecting the overall public finance structure.

The key deliverables of the Sub-Program are summarized in the following table:

Component	Deliverables
Policy and legal framework for SNA Financing Mechanisms	- General purpose funding mechanism for Districts and Municipalities (DM Fund) - A Project-Financing Facility for SNA - Purpose-specific grant mechanisms (conditional transfers) - Pilot Project Financing Facility and Conditional Transfers - Policy paper on SNA potential own-source revenue sources

Component	Deliverables
	• Regulation(s)on SNA non-tax revenue sources • Policy paper on potential tax-revenue sources to be assigned to SNA • Revised CSF Sub-Decree and rules • Improved (formula-based) modalities for financing the provincial budget
SNA financial management and financial accountability systems and procedures	• Regulations and guidelines to implement the Law on SN Finance Regime and Asset Management • Internal audit function established in each SNA • Gender mainstreaming policy and procedures in SNA budgeting
Institutional and technical capacity for financial management and financial accountability(at central and sub-national levels)	• Capacity development packages, tools and user-friendly manuals and handbooks covering core financial management competencies • Capacity of SNA Finance Officers developed • Training of SNA structures (Council, Board of Governors, administration)on sub-national financial management matters • Finance Adviser assigned to assist the provincial administration in capacity development of DM and CS • Capital and Provincial Treasury Branches' capacity reinforced • Pilot District-level treasury branches • MEF capacity to support SNA and monitor their financial management performance strengthened.

2.   SUB-PROGRAM DEFINITION

2.1.   Vision

The Sub-Program 4 aims at establishing genuine, consistent financing mechanisms and sound, comprehensive financial management and financial accountability systems to enable Sub-national Administrations (SNA) access predictable, stable financial resources and manage them in a transparent, responsive and efficient manner.

2.2.   Components and Objectives

The Sub-program 4 includes the following Components and Objectives in consistency with the National Program for Sub-National Democratic Development (NP-SNDD) document.

Components	Objectives	Description/Rationale
4.1. Policy and legal framework for SNA Financing Mechanisms	4.1.1. Policy framework of SNA Financing is developed	To give effect to many of the provisions of the Organic Law regarding the financing of SNAs, a policy on the financing of SNAs need to be developed and issued to serve as a basis for the development of the related legal instruments
	4.1.2. Mechanism for financing the general mandate (Art 251 of OL) of Districts and Municipalities	There is a need to develop adequate funding mechanisms to provide general purpose (unconditional) financial transfers to SN administrations to enable them meet their administrative costs and fulfill their general mandate to promote local democratic development and implement permissive functions which is the foundation

Components	Objectives	Description/Rationale
	(DM) is designed and operational	of genuinely autonomous local administrations. Initially, the focus shall be on the establishment and capitalization of a District/ Municipality Fund. A briefing technical note on SNA Financing Mechanisms is provided in Appendix 4.1.
	4.1.3. A project-financing facility dedicated to promoting SNA investment in local infrastructure and other initiatives is established	The Facility is intended to be a project-based financing window that local administrations could access to finance their investment in local infrastructure and economic development. Such mechanism would (a) improve the quality of local investments by requiring that individual projects be appraised on their merits and (b) relieve the pressures to use general purpose (unconditional) transfers resources for infrastructure investments and allow DMs and CSs to focus their scarce resources on other priorities, in particular, the provision of social services to the vulnerable and the poor and promotion of their constituency's welfare as well local economic development.
	4.1.4. Purpose-specific (conditional) grant mechanisms for SNAs are developed and piloted	To give effect to the provisions of Article 250 of the Organic Law, the modalities for purpose-specific (conditional) grants are to be defined and regulated, and piloted to lay the ground for future transfers of specific functions to SNAs (assignment or delegation)
	4.1.5. Contractual financing arrangements (SNA - Line Ministries) are designed and piloted	There is a need to define and regulate the modalities for the "compensation" of SNA when they act as agent of another public entity (ministry or a higher level SNA) in the performance of a delegated function. The IP3 intends to design and pilot such contractual financing arrangements.
	4.1.6. Policy and legal framework for SNA own-source revenues (OSR) is developed	Own-source revenues (taxes, levies, fees, user charges, rents, etc) are an important feature of the SNA financial structure for at least two reasons: *First*, local own-source revenues can provide a degree of budgetary autonomy to sub-national administrations (autonomy being measured as the share of local expenditures funded by locally generated resources). The greater this share, the enhanced budgetary autonomy, to the extent that SNA would rely less on transfers from the central government to meet their spending needs. *Second,* local own-source revenues increase the level of accountability of SNA councils towards their constituencies. Indeed, unlike central transfers, revenues raised locally establish a direct relationship between local authorities (councils) and their citizens. As such, they can act as incentive for efficiency while promoting citizens active participation and involvement in local affairs.

Components	Objectives	Description/Rationale
	4.1.7. CS Fund (CSF) regulations and operational rules are revised	The unconditional (general purpose) nature of the CS Fund needs to be re-affirmed; in particular by eliminating administrative requirements that may create biases towards infrastructure projects and enable CS in funding and managing intra administration projects. Also, the distribution formula needs to be revised by introducing a criteria/ indicator for local governance performance.
	4.1.8. Provincial budget financing modalities are revised	Under the current arrangements (Law on the Capital/ Provincial Budget – 1998), the capital and provincial budget is financed through (a) the assignment of the proceeds of a set of tax and non-tax revenues and (b) a subsidy from the State budget to fill the gap between spending needs and assigned revenue sources. It should be noted in this respect that the amount of the subsidy is set through a discretionary process as part of the State budget formulation process. Pending the design of a genuine transfer mechanism for capital and provinces, the current arrangements will need to be revised so that budget financing provided to capital and provinces is driven by norms and formulas, for the sake of greater transparency and fairness.
	4.1.9. Domestic and external resources are mobilized to establish and sustain financing mechanisms for SNAs.	As outlined above, SNA are expected to access resources through different mechanisms that are to be funded from a mix of domestic and external sources.

The Royal Government of Cambodia (RGC), which has so far funded the bulk of the CS Fund as well as the capital and provincial administration budgets, is expected to (a) sustain an adequate level of funding to the CS Fund, and the "new" capital and provincial administrations, and (b) provide budget support to the Districts and Municipalities (new autonomous budgetary bodies); initially the State budget support to DM should at least cover the aggregated costs of DM general administration costs.

External resources (Development Partners contributions) are expected to support the various financing mechanisms foreseen in IP3, to be directed in essence to the SNA development expenditures (capital investment and services delivery) as well as some operation costs (non-salary spending needs) if deemed necessary.

With respect to external contributions, as a matter of principle, general purpose fiscal transfer mechanisms (CS Fund, DM Fund) could be expected to be financed through a non-earmarked Program Budget Support (PBS) modality that could be conditioned on the verification of a number of broader sub-national governance indicators to be developed and agreed upon with prospective funding agencies.

See Appendix 4.2: Projected financing to be mobilized during IP3 for SNA budget support and other financing modalities. |

Components	Objectives	Description/Rationale
4.2. SNA financial management and financial accountability systems and procedures	4.2.1. Law on SNA Financial Regime and Property Management is enacted	There is an urgency to finalize the drafting and enactment of the Law on SNA Financial Regime and Property Management which is already lagging behind schedule.
	4.2.2. Regulations and guidelines to implement the SNA Finance Regime Law are developed, enacted and applied	To be affective, the Law on SNA Financial Regime and Property Management requires the development and enactment of a series of implementing regulations and guidelines covering all aspects of the SNA financial management and financial accountability.
	4.2.3. A comprehensive accountability framework developed and applied	The NP-SNDD establishes four lines of accountability that are to be reflected across the National Program: a). Internal (horizontal) accountability which is within an organizational unit of a SNA or among the SNA's structures (Council, Board of Governors, Administration); b). Intra-SNA system accountability, which refers to accountability between SNAs at the same or different levels; c). Vertical (upward) accountability, which is between SNAs and the central government; and d). Accountability of SNAs to citizens refers to political accountability between SNAs and citizens in their respective constituencies. Most importantly, citizens' right to access information about the decisions and actions of the councils must be safeguarded and enforced; and adequate mechanisms will have to be established to enable citizens to evaluate and hold their respective councils to account for performance. Those mechanisms are to be built in all dimensions of the SNA governance systems (political, administrative, and financial). **In the financial area** (Sub-Program 4 of IP3), there will be a need to develop adequate policies, rules and regulations for the activation of the above mentioned four accountability mechanisms (along with related capacity development interventions): • **Internal (horizontal) accountability** is to be exercised via the *internal audit function*, relations and reporting processes between the Council and the Board of Governors (and the Administration) in respect to the execution of the Council policies as reflected in the development plan and annual budget implementation • **Intra-SNA accountability:** this form of accountability applies particularly to DM and CS councils within the same MD jurisdiction, mostly in respect of (a) sharing of specified revenues (Article

Components	Objectives	Description/Rationale
		248 of OL), and the implementation of the provisions of the OL relating to the relations between the District Council and the CS Councils within the district territory (Section 7, Chapter 2 of the OL) • **Vertical (upward) accountability**: it is the accountability of all SNAs to the State; it is exercised through MEF financial inspections and the National Audit Authority (NAA) audits of SNA financial performance; • **Downward accountability**: SNAs to their citizens in respect to responsiveness to local needs, and performance in the implementation of the budget; this form of accountability can be exercised through various mechanisms including: (a) public hearings related to the formulation and/or adoption of the SNA development plan and annual budget, (b) social auditing, and (c) the requirements that Councils and decisions of the Board of Governors (if any) are disclosed to the public.
	4.2.4. A Gender Responsive Budgeting (GRB) policy and rules are designed and applied	In line with the Organic Law, the NP-SNDD calls for promoting gender equality and the empowerment of women in the local governance arena, with focus on women's active participation in decision-making, as well as improving their access to services. The above principles will need to be translated into rules and procedures embedded in the SNA resources allocations and financial management systems to ensure that: • Women's specific needs are accounted for in the planning and budgeting processes; • Women are effectively involved in the planning-budgeting processes • Adequate funding and enabling working environment is provided to the Women's and Children Consultative Committees (WCCC) of the Capital and Provincial and DM Councils; • Overall impact of SNA resources allocation and budget implementation is assessed from gender perspective; • In due time, a gender equity factor is included in the criteria used in the fiscal transfers allocation formula. Considering that GRB is a relatively new concept the following necessary actions are needed to ensure an effective implementation of policies and procedures: • Develop GRB advocacy framework for awareness raising • Conduct a capacity development assessment related to gender-responsive budgeting for SNAs structures • Develop and integrate a GRB capacity development component into SNA capacity development on

Components	Objectives	Description/Rationale
		financial management and financial accountability systems and procedures • Conduct capacity development interventions on GRB for SNAs structures (Councils, Boards of Governors, WCCC, Administration)
4.3. SNA capacity for (a) financial management and (b) financial accountability.	4.3.1. SNA capacity for financial management is developed	This component aims at building SNA's capacity to perform their financial management tasks in accordance with the legal framework and good governance practices; in this respect, the primarily focus will be on the following: • Select, develop capacity and assign a Finance Officer to each SNA, and monitor their performance • Define the set of core financial management competencies to be progressively mastered at all sub-national levels • Develop and disseminate standardized capacity development packages (materials, support tools, - and user-friendly manuals) on key aspects of SNA financial management systems • Provide capacity development on financial management to Provincial and DM governance structures (Councils, Board of Governors, and Administration) • Develop a provincial-based capacity to provide financial management backstopping and deliver capacity development interventions in financial management to sub-provincial administrations (DM and CS); such capacity will be set up within the provincial Administration "Finance Division" and will be backed by the Provincial Finance Adviser to be assigned by the Sub-Program • Assign a Finance Adviser to assist the Provincial Administration in all financial management and related capacity development activities targeting sub-provincial administrations; in particular, the Finance Adviser, will also provide assistance to the "Finance Division" of the Provincial Administration as well as the Provincial Treasury assistance and advice of the fulfillment of the fiduciary safeguards and financial accountability requirements, in particular in respect of the proper management of IP3 provincial imprest account and the reporting on CS and DM financial transactions by the Provincial Treasury. Yet, the Finance Adviser will closely coordinate with MEF provincial Department, but he will be accountable to the provincial Administration (Board of Governors) for the performance of his duties. (ToRs of the Provincial Finance Adviser are provided in Appendix 4.3)

Components	Objectives	Description/Rationale
	4.3.2. Sub-national branches of the National Treasury system are strengthened	The Treasury system will need to be reinforced at the provincial level to cope with additional workload resulting from the increased number of budgetary autonomous SNA (159 districts, 26 municipalities) in addition to the Capital, Provinces and the CSs. To this end, it is assumed that 5 treasury accountants will be needed to handle DM accounts at the provincial treasury. These accountants (5*24 = 120) would receive an incentive (POC) as it is the case now with the CS accountants, and provided with office equipment (computers and peripherals) and accounting software. In the medium-to long run, the need may arise to build a DM treasury function which will require specific treasury management processes, and substantial capacity development. In that perspective, IP3 foresees the design and testing of such arrangement in the form of a pilot in 5 districts or municipalities.
4.4. Central institutions capacity for support and control	4.4.1. MEF capacity to support SNA and monitor their financial management performance is strengthened	SNA (in particular districts and municipalities) will need support to absorb and apply new financial management systems and procedures in a proper manner; for this reason, MEF capacity to provide such support and at the same time monitor and evaluate SNA financial performance will need to be reinforced. The Department of Local Finance (DLF) and the General Directorate of Inspection (GDI) are expected to be the primary target of the additional capacity development effort. To this end, the technical assistance to be provided by IP3 to MEF shall include the fielding of the following: • One Financial Management Systems (international) adviser • One SNA Capacity Development Adviser (national) (TORs for the above positions are provided in Appendix 4.3)
	4.4.2. Capacity of the National Audit Authority (NAA) to audit SNAs is developed	The National Audit Authority capacity will need to be strengthened to cope with additional workload resulting from the increased number of budgetary autonomous SNA (159 districts and 26 municipalities) to be audited on an annual basis.

2.3. Deliverables

Sub-program 4 is expected to yield the following Deliverables:

Objectives	Deliverables
4.1.1. Policy framework of SNA Financing is developed	• A policy paper outlining the principles, strategy and options for the design of adequate mechanisms for financing SNA operation and development expenditures.
4.1.2. Mechanism for financing the general mandate of Districts and Municipalities (D/M) is designed and activated	• General purpose funding mechanism design (DM Fund) • Enabling legal instrument (Sub-Decree and implementing regulations) • Periodic monitoring of the DM Fund operation

Objectives	Deliverables
4.1.3. A project-financing facility dedicated to promoting SNA investment in local infrastructure is established	• A project-financing mechanism design • Enabling legal instrument (Sub-Decree and implementing regulations) • Periodic monitoring of the financing mechanism operation
4.1.4. Purpose-specific (conditional) grant mechanism for SNA is developed and piloted	• Purpose-specific grant mechanism design • Enabling legal instrument (Sub-Decree and implementing regulations) – if needed • A pilot design including related capacity development for its implementation • Periodic monitoring of the pilot implementation
4.1.5. Contractual financing arrangements (SNA - Line Ministries) are designed and piloted	• Policy paper outlining the rationale and modalities for the financing of tasks delegated by national agencies to SNA • Draft regulation on contractual financing • A pilot design including related capacity development for its implementation • Periodic monitoring of the pilot implementation
4.1.6. Policy and legal framework for SNA own-source revenues (OSR) is developed	• Policy paper (rationale, general principles and options for establishing own-source revenues for SNA) • Draft regulation(s) on non-tax revenue sources • Study on the relevance/feasibility of tax-revenue sources for SNA
4.1.7. Commune/Sangkat Fund (CSF) regulations and operational rules are revised	• Study (Review) of the CS Fund operation • Draft revised CS Fund Sub-Decree and rules • Revised CS financial management system (to enable CS in funding and managing intra administration projects)
4.1.8. Capital and Provincial budget financing modalities revised	• Study (Review) of current modalities of the provincial budget financing • An improved (formula-based) modalities for financing the capital and provincial budget
4.1.9. Domestic and external resources are mobilized to establish and sustain funding mechanisms for SNAs.	a). State Budget contribution to: • CS Fund (at least up to 2.8% of State domestic revenue), • DM Fund • Capital and Provincial administrations budget b). External contributions (Development Partners) to: • SNA budget support mechanisms (CS Fund and DM Fund), • SNA Investment Facility (project financing), • Any other SNA financing instruments (conditional grants, Climate Change, Natural Resource Management, Local Economic Development pilots)
4.2.1. Law on SNA Financial Regime and Property Management is enacted	• Law on SNA Financial Regime and Property Management
4.2.2. Regulations and guidelines to implement the SNA Finance Regime Law are developed, enacted and applied	Regulations and implementing rules on the following: • Medium-term expenditure framework • Budget format and formulation process • SNA chart of accounts and accounting rules and procedures • Procurement rules and procedures • Contract administration and project implementation management • Internal controls system • External control requirements • Internal and External reporting • Annual financial statements and activity report • Asset management • And any other required regulating instruments.

Objectives	Deliverables
4.2.3. SNA financial accountability framework is developed	• A general framework for the SNA accountability structure: principles, institutional arrangements and implementation rules and guidelines • Internal audit function established in each SNA
4.2.4. Gender Responsive Budgeting (GRB) policy and procedures are developed (as part of the overall Gender Mainstreaming Framework advocated by the NP-SNDD)	• SNA Gender Responsive Budgeting policy, procedures and guidelines for implementation developed • Advocacy and capacity development tools and interventions designed, and delivered • Assessment of the impact of SNA budgeting policies and practices from a gender perspective (annual).
4.3.1. SNA capacity for financial management is developed	• Capacity of 217 Finance Officers developed • Capacity development curricula, packages, including user-friendly handbooks covering core competencies and key capacities to be acquired managers and professionals in various components of the SNA financial management systems • Capacity of SNA structures (Council, Board of Governors, Administration) developed • 1 provincial-based Finance Adviser assigned to assist SNA
4.3.2. Sub-national branches of the National Treasury system are strengthened	• Additional staff assigned and their capacity developed (5 per province) to provide financial services to DM • Office facilities and equipment for new staff • Study on the establishment of DM-level treasury branches • District-level treasury system pilot design (5 DMs) • Monitoring implementation of the pilot • Study to assess the relevance and feasibility of testing the use of bank account by SNA
4.4.1. MEF capacity to support SNA and monitor their financial management performance is strengthened	• Mission and structure of the **Local Finance Department** revised • Additional staff assigned and their capacity developed • Mission and structure of the **provincial departments of MEF** revised • Support provided to SNA Finance Officers • Compliance control over SNA financial transactions performed • Data base on SNA finances designed and operational • Annual review of SNA finances issued • Capacity development of additional staff of the **General Directorate of Inspectorate** undertaken (if any) • Inspection policy and tools and procedures developed • Periodic (and on the spot) inspection of SNA finances
4.4.2. Capacity of the National Audit Authority (NAA) to audit SNAs is developed	• Capacity of additional auditors developed • SNA-specific audit tools and procedures designed • All SNA audited on annual basis • Annual report on key audit findings and recommendations disseminated

3. SUB-PROGRAM ORGANIZATION

3.1. Implementing Responsibilities

The **Ministry of Economy and Finance** (MEF) shall be the designated national implementing institution of the Sub-program 4 of the National Program/IP3, in coordination/association with other government actors at both central and sub-national levels. Respective responsibilities are outlined below.

Institutional Actor	Responsibility in Sub-Program 4

Ministry of Economy and Finance (MEF)	• To set up and equip with necessary office space and other administrative logistics a central Sub-Program Management Unit (SPMT) to manage all aspects of implementation of the IP3/Sub-Program 4 and produce all deliverables as listed above
	• To open in the name of the SPMT an imprest account for the purpose of receiving and managing resources transferred by the NCDD-S for the implementation of Sub-Program 4;
	• To prepare an AWPB for the Sub-program 4 and related resources requirements estimates, indicating amounts that:
	  (a) should be managed through the centrally-managed imprest account referred to above or
	  (b) should be managed through the imprest account to be set up by NCDD-S under the authority of the provincial governor
	• To request and obtain from NCDD-S, prior to advertisement, a "No Objection" on the Terms of Reference (TOR) and contracting modalities of all national and international technical advisory personnel to be employed for the purpose of implementing Sub-Program 4;
	• To involve a representative of NCDD-S in all panels for selection of providers of TA and capacity development services and obtain NCDD-S clearance prior to the signing of all related services contracts;
	• To submit to NCDD-S quarterly technical and financial reports on the implementation of Sub-Program 4 in a format to be specified by NCDD-S indicating progress in delivery of agreed activities and deliverables (including acquisition of financial management capacities by SNA organs and staff members ;
	• To draw NCDD-S attention to any policy, technical and other issues that might be affecting the implementation of Sub-Program 4 and the achievement of its objectives;
	• To submit to NCDD-S, in the format and timeframe specified by NCDD-S, requests for the replenishments of the central imprest account of the SPMT

NCDD-S	• To develop and administer the implementation of an Agreement of NCDD with the Ministry of Economy and Financein respect of implementating the IP3/Sub-program 4; • Based on NCDD-approved AWPB, make advances, replenishments, transfers and payments, into (i) the MEF/SPMT imprest account, (ii) the relevant Provincial imprest account or (iii) make diret payment to suppliers of goods or services to be procured under the Sub-Program, as appropriate; • To issue "No Objections" to the TOR of national and international advisers and consulting firms and participate in the panels for their selection and recruitment by the MEF/SMPU; • To oversee all aspects of the implementation of the NCDD agreement with MEF, monitor the progress of Sub-Program 4 against NCDD-approved AWPB.

Institutional Actor	Responsibility in Sub-Program 4
NCDD (Fiscal and Financial Affairs Sub-Committee, Functions and Resources Sub-Committee)	• To review and endorse draft policy and legal instruments developed by the Sub-Program 4.
National Audit Authority (NAA)	• To audit SNA annual financial statements.
Provincial Administrations	• To secure and assign appropiate staff that could be trained on sub-national financial management and provision of support services to sub-provincial administrations in financial management; • To facilitate and provide logistic support for the implementation of all capacity development and technical backstopping services to be provided by the MEF/SPMT under the IP3/Sub-program 4; • To manage resources allocated to them for developing their own and the DM's financial managemnt capacity under the AWPB, as determined by the MEF/SPMT (these resources are expected to be transferred by NCDD-S into asingle IP3 Provincial Imprest Account).
District/Municipal Administrations	• To designate relevant staffwhich should be the recipient of the capacity development intervention and technical backstopping services to be provided by the provincial administrations and/or the SPMT under the IP3/Sub-program , enabling them to operate the DM financial system and provide capacity building to Commune/ Sangkat Councils in financial management; • To facilitate and provide logistic support for the implementation of all capacity development actions and technical backstopping services to be provided to them under the IP3/Sub-program 4;

3.2.   Implementation Arrangements

A).   Sub-Program Management

Within the Ministry of Economy and Finance (MEF), the implementation of the Sub-Program is to be guided by two principles:
- A *whole-of-the-ministry approach*: the Sub-Program implementation will require the active involvement of various MEF Directorate and Departments whose inputs will be required for the effective implementation process;
- The Sub-Program activities and the Public Finance Management Reform Program (PFMRP) Action Plan (Objective 27) must be fully aligned under the guidance and oversight of the **PFM Reform Steering Committee** – to ensure policy coherence and integration, and mobilization and coordination of resources for the implementation of the Sub-Program, consistent with other reform initiatives affecting the public finance structure.

The Sub-Program will be administered by a **Management Team** (**SPMT**) to be established within MEF, and staffed as follows:

Position	Number	Status
SP Manager	1	MEF Staff (under POC)
SP Executive Deputy Manager	1	MEF Staff (under POC)
Finance Officer	1	MEF staff (under POC)
Administrative assistants	2	MEF staff (under POC)

Position	Number	Status
Financial Systems Adviser	1	International (contract with SPMT)
SN Capacity Development Adviser	1	National (contract with SPMT)
Capacity Development Officer	1	MEF staff (under POC)
Provincial Finance Advisers	24	National (contract with SPMT)
Consultants (short term)	....	International and national (contract with SPMT)

The SP Management Team will be responsible for the implementation of the Sub-Program in accordance with the Agreement signed with NCDD, and will to this end perform the following tasks:

- Prepare and monitor the execution of an annual work plan and budget (AWPB) of all activities under the Sub-Program
- Mobilize and follow up inputs required from other Departments within MEF that are concerned with the implementation of the Sub-Program
- Monitor the performance of provincial capacity development advisers (provincial finance advisers)
- Manage contracts for TA and other services related to the implementation of the Sub-Program
- Manage the Sub-Program *imprest account*
- Report to NCDD-S and PFM Steering Committee on the implementation of the Sub-program
- Represent MEF in meetings and events hosted by NCDD-S in relation to the IP3 implementation

It is proposed to position the SPMT as follows:
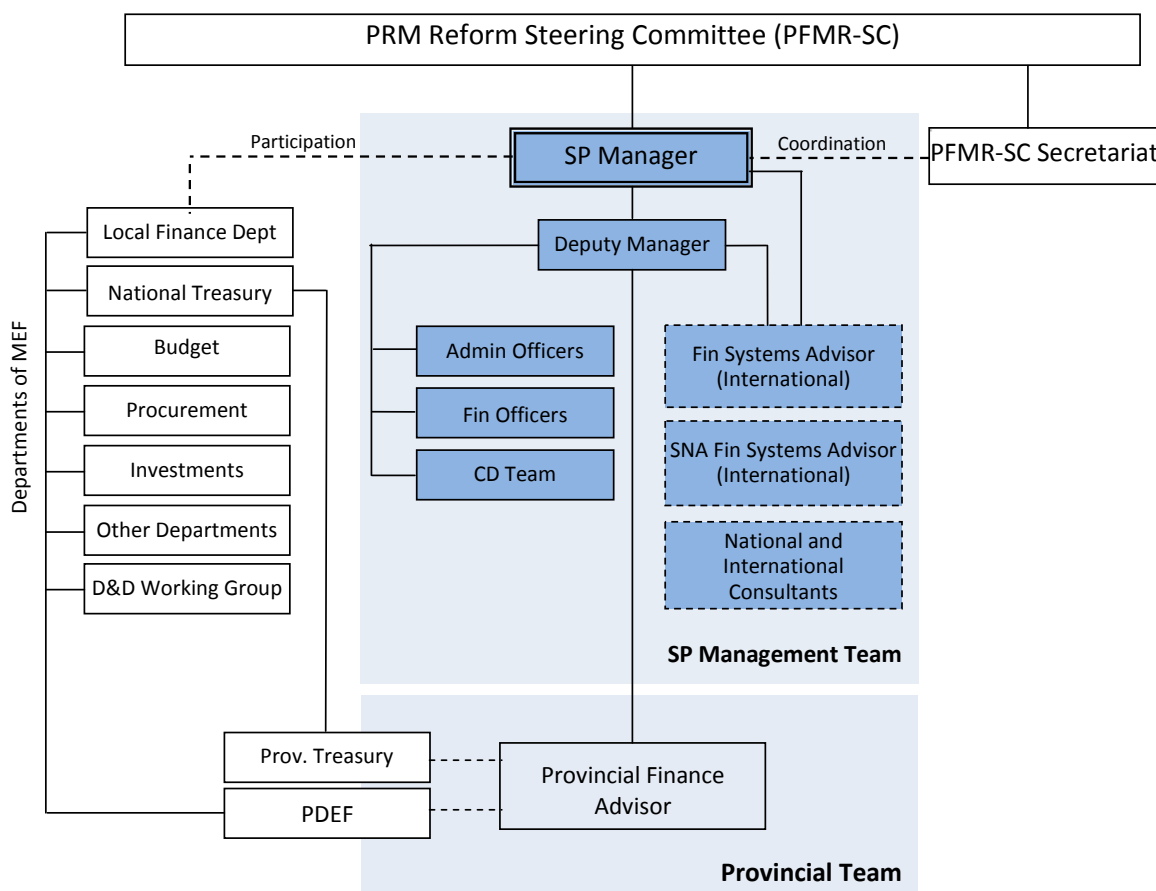
The Sub-Program Management Team will be set up under the direct authority of the PFM Steering Committee (PFMSC), and will report to the Head of the Committee. Therefore, the *relation between the SPMT and the PFMSC-Secretariat will be one of cooperation/ coordination.* This arrangement is more suitable to the extent that coordination/integration of the Sub-Program activities and the PFM Reform agenda can be better achieved under the higher authority of the head of the PFM Steering Committee.

Furthermore, the implementation of the Sub-Program will require the active participation of several **Departments** within the Ministry of Economy and Finance, including:

- **Department of Local Finance (DLF)**: the functions and structure of DLF will need to be revised, and its human resources reinforced to cope with increased workload and changes in the sub-national governance system; indeed, DLF will have to (a) oversee three different levels of sub-national budgetary units: Capital/province, district/municipality, and commune/sangkat, and eventually (b) monitor different funding mechanisms;

- **General Directorate of the National Treasury:** The provincial treasury branches will need to be strengthened (additional staffing and work logistics and capacity development) to extend financial services to an increased number of SNA with own budget (159 districts, 26 municipalities, and 8 Khans, in addition to the Capital/provinces and communes/sangkats). It is envisaged that the start-up costs (logistics and capacity development) will be covered by the Sub-Program while the recurrent costs (salary and operation) will have to be borne by the National Treasury's own resources. Yet, the Sub-Program foresees the testing of district-level branches of the provincial treasury;

- **Other Departments and Directorates** that are expected to contribute to the Sub-Program activities are: the *General Inspectorate, Budget, Financial Affairs, Economic and Public Finance Policy, State Property, Public Procurement, Legal Affairs, Investment and Cooperation, Taxation, Non Tax Revenue*).

- At the provincial level, the **Economy and Finance Departments:** further to their statutory functions as sub-national representative of MEF (oversight of SNA budgets), the Departments will also contribute to the capacity development effort targeting SNA (financial management). To this end, they will need to be strengthened to be in position to (a) perform "financial compliance controls" that may be assigned to them, (b) support the capital and provincial and district/municipality administrations in financial management, and (c) assist central level MEF Directorates and Departments in performing their tasks at sub-national level.

B).   Contractual and Funds Flow Arrangements (NCDDS-SPMT)

The Diagram below describes the relations between the IP3 executing agency (NCDD-Secretariat) and the Sub-Program implementing institution (Ministry of Economy and Finance/Sub-Program Management Team) in respect of the execution of the Sub-Program:

1). An **Implementation Agreement** shall be signed by NCDD and MEF detailing the roles and obligations of the two Parties and the Sub-Program implementation modalities ;

2). The SP Management Team shall access and manage the resources needed for the implementation of the Sub-Program via the establishment of a Sub-Program **Imprest**

Account (SPIA), in accordance with the rules and the purposes detailed in the Implementation Agreement;

3). In principle, the Imprest Account shall be dedicated to the payment of centrally managed activities i.e. (a) the development of the SNA financing and financial management systems legal framework and capacity development tools; (b) the cost of the provincial finance advisers' contracts; and (c) the administration costs of the Sub-Program;

4). The Imprest Account shall be regularly replenished based on reporting, work plan and proper documentation of transactions settled through the account;

5). It is assumed that IP3 (all sub-programs) capacity development activities occurring at sub-national level would be paid out of a single IP3 **Provincial Imprest Account** to be managed by the Provincial Governor as delegated by NCDD-S.
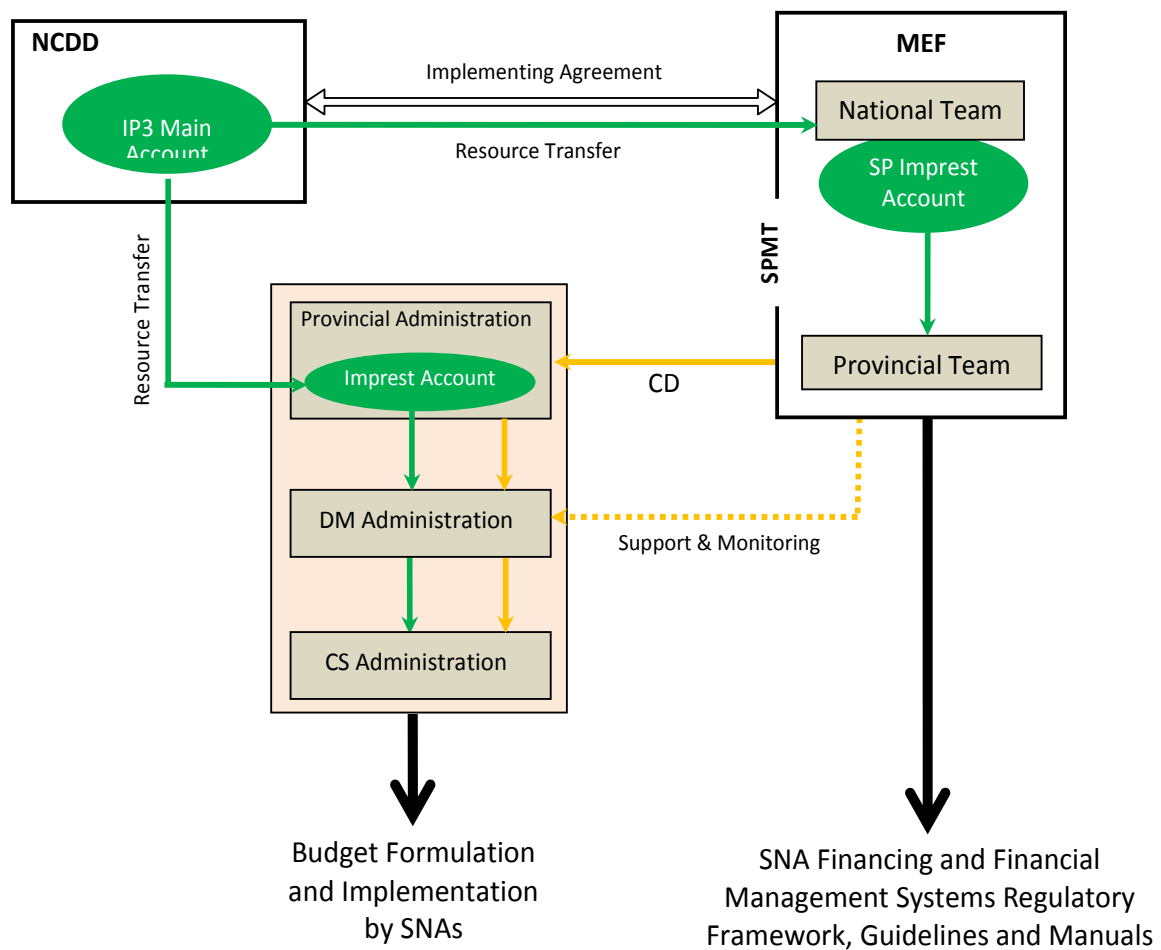
4. SUB-PROGRAM IMPLEMENTATION PLAN

4.1. Approach

The approach to be adopted for the implementation of Sub-Program 4 is as follows:

Phase	Overall Approach
Initiation	• Upon approval of the IP3, an agreement will be signed by NCDD and MEF for the execution of the Sub-Program (Sub-Program Implementation Agreement – "SPIA")
Planning	• MEF will prepare a plan for implementation, a budget and a schedule of resources requirements for Sub-program 4 activities to be carried out at national and provincial level over the period 2011-13. • MEF will also define the set of core financial management competencies to be mastered by sub-national officials • NCDD-S will incorporate the 2011 tranche of the above plan in the IP3 AWPB for 2011, and upon its approval by NCDD, resources will be transferred to the MEF Sub-Program 4 Imprest Account in accordance with the schedule and modalities detailed in the Implementation Agreement. The process will be repeated in the two following years. • At the same time, MEF will have established and staffed the Sub-Program Management Unit (at both national and provincial level). One International Financial Management Advisor, one National Adviser and 24 Provincial Advisers will be selected, cleared by NCDD-S and recruited (A panel with NCDD-S representation will be established to carry out the selection process)
Delivery	• Policy papers and draft legal instruments pertaining to SNA financing and financial management systems will be prepared and submitted to NCDD for endorsement; • Capacity development tools (manuals, guidelines)will be developed, tested and disseminated; • 24 Provincial Finance Advisers will be provided with a work-plan and guidance to carry out their tasks • Capacity development interventions for provincial administration personnel will be carried out by the national team and consultants of the Sub-Program Management Team (SPMT). • Capacity development of DM and CS staff will be carried out by the provincial administration staff and capacity development professionals, with technical backstopping by the national and provincial teams of the SPMT
In-progress Evaluation	• SNA Financing and Financial Management instruments and systems and related capacity development tools and interventions to be designed and applied under the Sub-Program will be subject to independent evaluation and refinement (if any) during the IP3 time span.
Closure	• Based on the above in-progress evaluations, MEF and NCDD-S will decide on the either termination of the Sub-program at the end of 2013 or its extension through the successive phases of the NP-SNDD.

Approach to Capacity Development in Sub-national Financial Management

Sub-program 4 aims at developing the capacity of the Capital and Provincial and DM Administrations in financial management including compliance with financial accountability and fiduciary requirements; financial management encapasses in particular focuse on budget formulation;management of revenue collection and expenditure commitment; procurement of services and goods;cash management; accounting; preparation of financial statements. Financial accountability and fiduciary requirements relate to (i) the enforcement of internal control safeguards; (ii) compliance with any established financial accountability requirements and (iii) preparation of periodic financial statements that satisfy the generally accepted principles of integrity and comprehensiveness.

Support to be provided by sub-program 4 to the Capital and Provincial Administrations is intended to enable them develop:
- An internal capacity for financial management and compliance with financial accountability requirements: the primary recipient of this capacity is the*Finance Division*
- A capacity to provide support and facilitation services to lower levels SNA (DMs and through them CSs): such capacity will be developed mainly in the *Finance Office* (Finance Division) and the *Local Support Office* (Planning and Investment Division) as well as any other Capital and Provincial Administration units concerned with financial management.

Also, District and Municipal Administrationsare expected to develop the same competencies. i.e.
- An internal capacity for financial management (within the *administration and finance office*), and
- A capacity to provide support and facilitation services to Communes and Sangkats (within both the *administration and finance office*and the *Planning and CS Support Office*).

Both Provincial Administrations and DM Administrations are expected to ensure proper coordination and single point of delivery of all capacity development activities provided to their respective lower-level sub-national administrations.

The following principles and arrangements will apply to the delivery of capacity development planned under Susb-program4:
- Capacity development interventions will be delivered through the Ministry of Economy and Finance – the implementing agency of the Sub-Program 4 ; to this end, MEF will draw on the resources provided by IP3 (international and national advisers, training and support budget) and mobilize its own resources , both from within its central -level and sub-national Departments and units.
- Building both types of capacity (mentioned above) will require that qualified (trainable) staff be posted in the relevant offices of the Finance Division of the Provincial Administrations and the Administration and Finance Office of DM.
- Appropriate capacity development tools and materials will be developed with the help of the International Financial Management Systems Adviser, the national Capacity Development Adviser and and short-term consultants.
- In addition to the sub-national administration staff members directly concerned with the operation of the sub-national financial management system, tailored orientation and information sessions will be designed and delivered to the Councilors in general and the Council's committees members, in particular.

4.2. Activities and Schedule

The schedule of activities is set out in the following tables:

Components / Objectives / Deliverables and Activities	Pre-IP3 2010	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
4.1. Develop policy and legal framework for SNA Financing Mechanisms													
4.1.1. Policy framework of SNA Financing developed and adopted													
4.1.1.1. A policy paper on SNA financing	x	x											
4.1.2. Mechanism for financing the general mandate of DM developed and applied													
4.1.2.1. A general-purpose (unconditional) financing mechanism for D/M designed	x												
4.1.2.2. Enabling legal instrument (rules and regulations) developed	x												
4.1.2.3. Monitoring and evaluation of DM Fund operation		x	x	x	x	x	x	x	x	x	x	x	x
4.1.3. SNA Project-Financing Facility developed and applied													
4.1.3.1. A Project-Financing Facility for SNA designed			x										
4.1.3.2. Enabling legal instrument (rules and regulations) developed			x										
4.1.3.3. Monitoring and evaluation of SNA Project Funding Facility operation						x	x	x	x	x	x	x	x
4.1.4. Purpose-specific (conditional) grant systems for SNAs developed and piloted													
4.1.4.1. Conditional grant transfers mechanisms designed			x										
4.1.4.2. Enabling legal instrument (rules and regulations) developed			x										
4.1.4.3. Conditional grants pilot design				x	x								
4.1.4.4. Monitoring and evaluation of conditional grant system design						x	x	x	x	x	x	x	x
4.1.5. Contractual financing arrangements (SNA - Line Ministries) designed and piloted													
4.1.5.1. Contractual financing models designed			x										
4.1.5.2. Enabling rules and regulations developed			x										
4.1.5.3. Pilot(s) for contractual financing arrangements designed				x	x								
4.1.5.4. Implementation, monitoring and evaluation of the pilot(s)						x	x	x	x	x	x	x	x
4.1.6. Policy and legal framework for SNA own-source revenues (OSR) developed													
4.1.6.1. Policy paper on SNA own source revenues options developed			x										
4.1.6.2. First set of non-tax revenue sources designed and assigned to SNA				x	x								
4.1.6.3. Monitoring and evaluation of assigned non tax revenue sources						x	x	x	x	x	x	x	x
4.1.6.4. Feasibility and relevance study of tax-revenue sources to assign to SNA						x	x	x	x				
4.1.7. Commune/Sangkat Fund (CSF) regulations and operational rules revised													
4.1.7.1. Review of the CSF operation				x									
4.1.7.2. CSF regulations and operational rules revised					x								
4.1.7.3. Monitoring and evaluation of revised rules						x	x	x	x	x	x	x	x
4.1.8. Provincial budget financing modalities revised													
4.1.8.1. Review current financing modalities			x	x									
4.1.8.2. Provincial budget financing modalities revised (formula-based)			x	x									
4.1.9. Domestic and external resources mobilized to establish and sustain funding mechanisms for SNAs													
4.1.9.1. Domestic funding of CS Fund determined	x			x				x					x
4.1.9.2. Domestic funding of D/M Fund determined	x			x				x					x
4.1.9.3. State budget funding of the Capital and Provincial budgets determined	x			x				x					x
4.1.9.4. External funding to CSF mobilized		x	x	x	x	x	x	x	x	x	x	x	x
4.1.9.5. External funding to D/M Fund mobilized		x	x	x	x	x	x	x	x	x	x	x	x
4.1.9.6. External funding to SNA Project- Financing Facility mobilized		x	x	x	x	x	x	x	x	x	x	x	x
4.1.9.7. Resources (domestic and external)for conditional transfers mobilized		x	x	x	x	x	x	x	x	x	x	x	x
4.2. SNA financial management and financial accountability system and procedures													
4.2.1. Law on SNA Financial Regime and Property Management enacted													
4.2.1.1. SNA Financial Regime and Property Management Law enacted	x	x											
4.2.2. Regulations and guidelines to implement the Law developed, enacted and applied, in respect of the following:													
4.2.2.1. Medium Term Expenditure Framework		x											
4.2.2.2. Budget structure and formulation process	x	x											
4.2.2.3. Chart of accounts and accounting procedures	x	x											
4.2.2.4. Procurement rules and procedures	x	x											
4.2.2.5. Contract administration and project implementation management		x											
4.2.2.6. Internal control system and procedures			x										
4.2.2.7. External control systems			x										
4.2.2.8. Internal and External reporting			x										
4.2.2.9. Annual financial statements and Activity Report			x										
4.2.2.10. Assets management		x											
4.2.2.11. Review and refinement of regulations		x	x	x	x	x	x	x	x	x	x	x	x

Compnents / Objectives / Deliverables and Activities	Pre-IP3 2010	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
4.2.3. SNA financial accountability framework is developed													
4.2.3.1. A framework for SNA financial accountability requirements developed (with implementation rules and guidelines)			x										
4.2.3.2. Internal Audit function established in all SNA			x	x	x	x	x	x	x	x	x	x	x
4.2.4. Policy and modalities for gender mainstreaming in SNA budgeting													
4.2.4.1. A gender responsive budgeting (GRB)policy developed			x										
4.2.4.2. Procedures for gender responsive budgeting designed and applied			x										
4.2.4.3. Monitoring /evaluation of GRB policy and procedures and practices			x	x	x	x	x	x	x	x	x	x	x
4.3. SNA capacity for financial management and financial accountability developed and activated													
4.3.1. SNA capacity for financial management function developed													
4.3.1.1. Develop capacity and assign Finance Officers to all SNA	x	x											
4.3.1.2. Financial management CD tools (training materials, user manuals) developed	x												
4.3.1.3. SNA structures (Council, BoG, Administration) trained in financial management		x	x	x	x								
4.3.1.4. Provincial Finance Advisers recruited, trained and assigned to support SNA		x	x	x	x								
4.3.2. Subnational branches of the National Treasury system strengthened													
4.3.2.1. DM accountants assigned and trained in provincial treasuries	x	x											
4.3.2.2. Office equipment available DM accountants		x											
4.3.2.3. feasibility and relevance study of setting up sub-provincial treasury offices			x										
4.3.2.4. District-level Treasury system pilot designed				x	x								
4.3.2.5. Pilot implemented, monitored and evaluated						x	x	x	x	x	x	x	x
4.3.2.6. Feasibility and relevance (study) of allowing SNAs to use bank accounts				x	x								
4.4. Capacity of central-level institutions for support and oversight developed and activated													
4.4.1. MEF capacity to support, supervise and monitor fiscal and financial management performance of SNAs is strengthened													
4.4.1.1. Revised functions and structure of the Department of Local Finance (DLF)		x											
4.4.1.2. Additional staffing and CD provided to DLF			x	x									
4.4.1.3. Revised functions and structure of MEF provincial departments		x											
4.4.1.4. Support provided to SNA finance officers		x	x	x	x	x	x	x	x	x	x	x	x
4.4.1.5. Compliance controls over SNA financial acts are performed		x	x	x	x	x	x	x	x	x	x	x	x
4.4.1.6. Data base on SNA fiscal performance designed and operational				x	x	x	x	x	x	x	x	x	x
4.4.1.7. Annual review of SNA fiscal performance issued						x				x			
4.4.1.8. Additional staffing and CD to the **Inspectorate Department** (if needed)			x										
4.4.1.9. Financial inspection policy and related tools and procedures developed			x	x									
4.4.1.10. Periodic and/or on the spot inspection of SNA						x	x	x	x	x	x	x	x
4.4.2. Capacity of the National Audit Authority (NAA) to audit SNAs strengthened													
4.4.2.1. Additional auditors assigned and trained					x								
4.4.2.2. SNA-specific audit procedures and tools				x									
4.4.2.3. Annual audit of SNA financial statements						x				x			
4.4.2.4. Annual report on SNA audit findings issued							x				x		

4.3. M&E Arrangements

Sub-Program 4 aims to improve the financial autonomy of SNAs (by making financial resources accessible in a predictable, rational, and consistent way); it also aims to ensure SNAs manage these resources efficiently and according to national regulations and standards.

Quarterly reporting arrangements will focus on whether Sub-Program deliverables were produced as expected (on time, on budget, and of the specified quantities and qualities). Information for quarterly reports will be provided by the Sub-program management team, using a proper monitoring and reporting system. The remainder of this section provides the underlying logic and indicators that will be used to assess the performance of this sub-program. In all cases, indicators will have targets, and during implementation actual (realized) achievements will be compared with these targets.

Component 4.1 provides the institutional framework for making financial resources available to SNAs; it creates regulations and tools; it designs the three funding mechanisms which will

channel resources to SNAs. In order to know whether these institutional arrangements have been effective, annual data will be collected which describes: (i) the levels of resources transferred to SNAs through each funding mechanism and (ii) the composition of financial resources available to SNAs, in particular the degree to which SNAs have autonomy over their usage.

An important M&E issue related to Component 4.1 concerns the effectiveness of SNA funding mechanisms and whether new contractual arrangements work. These are important policy issues and the IP3 results frameworks will attempt, through a *cost-benefit analysis*, to estimate the economic internal rates of return (EIRR) for a sample of activities or investments funded through the DM, CS, and SNIF funding arrangements. For evaluative purposes, these will be compared to similar activities or investments implemented under different funding mechanisms. To measure the effectiveness of the pilot contractual arrangements, suitable control groups will also be identified, and service delivery results will be compared using an appropriate approach.

Components 4.2 and 4.3 describe how financial management will be improved in SNAs. From an M&E perspective the objective is to find out whether capacities to undertake improved financial management are in place, whether financial management systems are used (as intended) and whether these systems are effective—i.e. whether the goals of the systems have been met. For example, are accounts maintained to a suitable standard? Are assets efficiently managed? Is procurement fair and cost efficient; does it result in the selection of the most suitable contractor? While the approach and assessment standards in respect of the audit of SNA accounts and financial statements are well defined, there is a need to develop proper measures for procurement and other aspects of financial management (i.e. comprehensive compliance inspections and assessments of management standards).

The table below summarizes the indicators which will be used to monitor SP achievements:

Table 4.2: Results Framework for Sub-Program 4

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
4.1. Policy and legal framework for SNA Financing Mechanisms	SNAs have improved access to financial resources through a transparent transfer system	19. Total Per Capita disbursement (in $US) into all government fiscal transfer systems					MEF statistics. Disaggregated by funding mechanism (DM, CS, SNIFF, etc). Per capita US dollar measures are used to capture the "real level" of transfers
		20. Total sub-national expenditure as a % of total government expenditure					
		21. % of Capital and Provincial budgets which are formula based	0%				Internal MEF statistics
	SNAs are more financially autonomous	22. % of fiscal transfers to SNAs that are unconditional					Data will be disaggregated by type of SNA (D, M, C, S)
		23. SNA own-source revenues as a % of total SNA revenues					Data will be disaggregated by type or classification of DM (D, M, Urban, Rural, etc.)
	Financial resources provided to SNAs are used effectively including those piloted in the functional re-assignments	24. Average EIRR of sampled SNA investments (*)	49% ('08)	>= 15%	>= 15%	>= 15%	Based on a sampling of investments as undertaken in Abrams (2009). EIRRs (Economic Internal Rates of Return) will be disaggregated by type of SNA (Province, DM, or CS) and type of investment.
		25. Average EIRR for investments delivered through government systems as a % of the IRR delivered through other mechanisms (*)	N/A	>=90%	>=90%	>=90%	
		26. % of SNAs evaluated as managing and reporting on finances according to rules, regulations and standards of the pilot	N/A	>=90%	>=90%	>=90%	Derived from a review of the pilot functional re-assignments comparing service delivery between decentralized processes (SNAs) and Line Ministry arrangements.
4.2. SNA financial management and financial accountability systems and procedures, and	SNAs have the capacity to manage their financial resources, are using financial management tools and systems as expected, and financial management is effective	27. Total number of person days of training provided					Disaggregated by recipient of training, type of training, provider
		28. % of DMs with an internal auditor meeting all necessary qualifications					Disaggregated by type or classification of DM
		29. Average competency assessment score (*)	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
4.3. SNA capacity for (a) financial management and (b) financial accountability		30. % of DMs whose financial statements were categorized as "without reservation" in independent audits by the NAA (*)					Disaggregated by type or classification of DM (D, M, Urban, Rural, etc)
		31. Average value of expenditures queried (questioned) by the NAA as a % of total DM expenditures					Compares the size of questionable expenditures to the overall level of expenditures. Disaggregated by SNA

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
		32. Average financial management compliance inspection score (*)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. To be disaggregated by compliance domain (area) and type or classification of DM
		33. Average financial management standards assessment score (*)	N/A	↑	↑	↑	Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations
4.4. Central institutions capacity for support and supervision	National organizations have the capacity to exert effective legality control vis a vis SNAs	34. Number of SNAs whose accounts were audited and results made available to the public	24				From the National Audit Agency, disaggregated by type of SNA. Figure covers Provinces (24) and DMs
		35. Number of SNAs inspected for compliance with financial management rules and regulations	0				Results from compliance inspections developed under SP1. To be disaggregated by type or classification of DM
		36. Number of SNAs whose financial management standards were assessed	0				Results from management standards assessment s developed under SP1. To be disaggregated by DM
		37. Average delay (in days) for disbursement of funds through decentralized funding arrangements					From treasury records

* indicates a higher level results found in the IP3 Results framework (Goals and Purpose)

Key Milestones:

Milestones are significant activities, selected from the deliverables and objectives under Sub-Program 4 because they are representative of overall progress or because they track progress towards key strategic changes. The proposed milestones are subject to further development and agreement between the implementing agency for Sub-program 4 (MEF) and IP3 Executing Institution (NCDDS).

	Milestone	Date
1	Law on Financial Regime and Property Management for SNA (or at least temporary arrangements) is adopted	Before end 2010
2	Core financial management competencies and levels of capacity required for SNA officials (Councils, Boards of Governors), managers and officers to efficiently perform their duties are defined in a NCDD issued guidelines ready	By end of 2010 (or not later than first quarter of 2011)
3	SNA core financial management and financial accountability systems/processes designed and regulated	By end June 2011
4	An unconditional transfer mechanism for financing DM general mandate (DM Fund) is adopted	By end 2010 (March 2011 at the latest)
5	Annual grant transfers from the DM Fund determined and notified to DM not later than July 31 every fiscal year (to allow for the preparation of the annual investment program and budget)	Not later than July 31 every fiscal year
6	Financing modalities of the Capital and Provincial Administration budget reformed (formula-based)	By end 2011
7	A Sub-National Administration Project Financing Facility established and operational	By mid-2011
8	First set of non-tax revenue sources assigned to SNA	By December 2011

4.4. Resources and Cost

The total cost of Sub-program 4 over the period 2011-13 is estimated at about 3.242 Million US$. The table below shows the summary budget:

Descriptions	Unit	Unit Cost (US$)	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
POC Related Posts										
Sub-Program Manager	p/m	420	12	5,040	12	5,040	12	5,040	36	15,120
Sub-program Executive Deputy Manager	p/m	300	12	3,600	12	3,600	12	3,600	36	10,800
Finance Officer	p/m	180	12	2,160	12	2,160	12	2,160	36	6,480
Admin Officers (2)	p/m	180	24	4,320	24	4,320	24	4,320	72	12,960
Capacity Development Officer	p/m	180	12	2,160	12	2,160	12	2,160	36	6,480
Provincial CD Officer (24)	p/m	115	288	33,120	288	33,120	288	33,120	864	99,360
Treasury: DM Accountants (24)	p/m	70	288	20,160	288	20,160	288	20,160	864	60,480
Treasury: CS Accountants (162)	p/m	70	1,944	136,080	1,944	136,080	1,944	136,080	5,832	408,240
Sub-total POC				206,640		206,640		206,640		619,920
Experts/Advisers										
Capacity Development Adviser (Nat)	m/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Provincial Finance Adviser (24)	m/m	1,200	288	345,600	288	345,600	288	345,600	864	1,036,800
Fin Systems Adviser (International)	m/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Sub-Total Experts				615,600		615,600		615,600		1,846,800

Descriptions	Unit	Unit Cost (US$)	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Systems Design										
National Consultants (design)	m/m	2,500	2.50	6,250	0.50	1,250	0.50	1,250	4	8,750
International Consultants (design)	m/m	22,000	7.00	154,000	3.10	68,200	0.35	7,700	10	229,900
Software development (Treasury)	unit	5,000	1	5,000					1	5,000
Sub-total Systems Design				**165,250**		**69,450**		**8,950**		**243,650**
Capacity Development										
Trainer (national) At province	m/m	2,500	3.00	7,500	1.00	2,500	1.00	2,500	5	12,500
Training Events (DSA DM-Prov + travel)	trainee/day	10.00	20,899	208,990	120	1,200	925	9,250	21,944	219,440
Training Event Cost (Prov)	trainee/day	3.00	20,999	62,997	120	360	925	2,775	22,044	66,132
Training Manuals (Printing)	set	5.00	4,000	20,000					4,000	20,000
Sub-total CD				**299,487**		**4,060**		**14,525**		**318,072**
Oversight and M&E										
Monitoring	round	1,000	9	9,000	20	20,000	23	23,000	52	52,000
Publications (Audit Reports)	unit	5.00			1,000	5,000	1,000	5,000	2,000	10,000
Sub-total Oversight and M&E				**9,000**		**25,000**		**28,000**		**62,000**
Equipment										
Computers + printer	set	2,000	28	56,000					28	56,000
Office Furniture	set	1,000	50	50,000	10	10,000			60	60,000
Sub-total Equipment				**106,000**		**10,000**		**-**		**116,000**
Operating costs										
Administration costs	month	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Sub-total Operating Costs				**12,000**		**12,000**		**12,000**		**36,000**
Grand Total				**1,413,977**		**942,750**		**885,715**		**3,242,442**

4.5.   Financing

The figures reflected in the above table relate to *incremental costs* of the Sub-program 4, including the "priority operational costs (POC)" that would supplement the remuneration of civil service employees assigned to the SPMU as well as the provincial treasuries' staff members in charge of CS and DM accounts. They do not include the contributions to the various fiscal transfers mechanisms which will be channeled and managed through National Treasury system under the authority of the Ministry of Economy and Finance.

It is expected that the incremental costs of the Sub-Program will be financed in full by external contributions made either to the "IP3 Basket Fund Account", or to specific "IP3-Supporting Project Accounts", that will be managed by NCDD-S, in its capacity of national executing agency of the IP3. Yet, some of the above costs could be met through in-kind inputs by the Development Partners (PDs) via projects that they directly execute.

5.   SUB-PROGRAM CONSIDERATIONS

5.1.   Assumptions

Key assumptions underlying the design and expected effective implementtaion of Sub-Program 4 are as follows:

1). By the end of 2010 or in early of 2011, the Law on SNA Finance Regime and Property Management should have been adopted, and related key implementing regulations ((budget format and formulation process; chart of accounts and accounting procedures; procurement rules) developed and issued.

2). The proper profile of financial management staffing (personnel that can absorb the capacity development to be delivered by the Sub-Program) should be in place within SN administration structures, in particular:

- The assignment of a Finance Officer to each SNA
- Sufficient number of qualified officers within the capital and provincial administration Finance Division, and the DM Finance Office to ensure sound management of SNA finances
- A first round of capacity development actions on financial management is delivered to the concerned staff members of the provincial and DM administrations;
- The provincial administration relevant units have the capacity (with assistance from the Sub-Program) to deliver capacity development and backstopping to DM (and communes/sangkats) in financial management.

3). Sufficient capacity (both institutional and technical) is in place within MEF relevant structures supporting (or providing services to) SNA especially in the provincial treasuries and MEF Departments.

4). The issue of District and Municipalities budget financing should be resolved: in particular, an unconditional general-purpose transfers mechanism (DM Fund) should be set up in 2010 or by first quarter of 2011 to enable DM financing their "general mandate" within a clearer resources framework and with adequate discretionary authority over the planning and budgeting of their assigned resources.

5.2. Risks

The most critical risks are related to the above assumptions.

1). The risk that the Law on SNA Finance Regime and Property Management is not enacted before end 2010 or at the end of first quarter of 2011 is the most challenging. It can be, however, attenuated if key financial management processes (budgeting, treasury and accounting, procurement) are adopted by means of transitional regulations;

2). The risk that the right staff will not be in place where and when needed (especially within DM administrations), or do not have the minimum professional qualifications to absorb the capacity development interventions and apply the new financial management systems. It is expected that Sub-Program 2 (under the Ministry of Interior) would address this risk by allowing a certain number t of civil servants currently operating within the PRDC/ExCom (Finance Unit), to be incorporated into the SN Administrations (through either direct recruitment or secondment), under the "Priority Operational Costs –POC" scheme for at least the duration of the IP3.

3). The risk that MEF provincial-level structures (Economy and Finance Departments, Provincial Treasuries) may not be well equipped (staffing and operation resources) to cope with increased work load (statutory compliance controls, accounting services) and at the same time contribute to the capacity development effort in sub-national financial management. Obviously, the above-mentioned structures will need strengthening in terms of additional staffing, operation funding, and operational/technical skills. The sub-program 4 will cover the capacity development and start up costs but not necessarily the recurrent costs such as salary and operation. The State budget must therefore provide the necessary resources to enable MEF provincial structures to function properly.

4). The risk that District and Municipalities will not have resources for development spending in 2011, or the necessary discretion over the budgeting and utilisation of their operation spending: This risk is being addressed by ongoing discussions

between NCDD and the Ministry of Economy and Finance in order to (a) confirm the budgetary "autonomy" of DM, and (b) set up of an unconditional transfers mechanism for District/Municipalities (that can take the form of Fund under the authority of the Ministry of Economy and Finance).

5). The risk of uncoordinated financial management capacity development interventions, creating a situation where targeted groups are overwhelmed with different (if not conflicting) capacity development actions that are not complementary or aligned around the statutory financial management systems and capacity development policy and methodologies.

5.3.   Issues

There is a fundamental conceptual issue in respect of the SNA financial system that will have to be adequately addressed: the common understanding (and recognition) of the notion of "budgetary autonomy" of SNA, especially in the case of District/Municipality administrations. Indeed:

- In line with the Government vision, and consistent with international practices, the Law *on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans* (Organic Law) establishes the right of each SNA to develop and execute their "own budget", i.e. the ability to decide individually on the allocation of assigned resources to locally identified spending needs in the framework of a statutory planning and budgeting process;

- The above consideration implies that SNA budgets should be regarded as distinct from the budget of the central government (fiscal data of both the central and sub-national administration budgets are to be consolidated for the purpose of information on the overall fiscal position of the State);

- Yet, the *budgetary autonomy* entails that SNA budgets are formulated and adopted at the concerned sub-national level, under the policy guidance and authority of the concerned sub-national council; it also implies that there is no 'budgetary' subordination of one level of sub-national administration to another (except in the cases of Khans and Sangkats whose budgets form a subset of the Capital or the Municipality budget).

- Also, for the sub-national administration budgeting process to be sound and effective, it needs to be based on a *budget constraint*: SNA must be in position to know the amount of resources that they expect to raise locally or access from the transfers systems during the concerned fiscal year; it follows that the relevant national authorities should determine and notify the individual grant transfers to the concerned SNA at the very beginning of the SNA budgeting cycle.

5.4.   Constraints

The main constraint that may affect the implementation of the Sub-Program 4 relates to the low absorptive capacity with respect to the adoption of improved financial management and financial accountability rules, procedures in the SNA, particularly at District and Municipal level.

Appendix 4.1

Technical Note on SNA Financing Transfers Mechanisms

The *Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans*(Organic Law or OL) clearly stresses the right of the sub-national administrations (SNAs) to "appropriate financial resources" to fulfil their duties and perform their assigned functions (Art. 242) in the pursuit of promoting "democratic development". The OL also states that, is addition to own-source revenues (Art. 246), SNAs are entitled to "national transfers" from the State (Art. 247) in the form of "conditional and unconditional" grants (Art. 249). Conditional transfers are to be used by SNA for administering their assigned or delegated "obligatory functions" and "permissive functions" previously "implemented by a government ministry or institution" (Art. 250), while the unconditional transfers can be used for fulfilling SNA legal duties, meeting their administrative costs, and carrying out any other permissive functions as well as promoting "democratic development" (Art. 251).

Sub-National Financing Mechanisms

The National Program first 3-year Implementation Plan (IP3) aims at developing and institutionalizing a coherent financing framework for SNAs, including a range of funding mechanisms and modalities. The design of such framework is to be guided by an appreciation of the general mandate given by the OL to the SNA and, as far as specific functions are concerned, by the principle of "*finance-follows-function*" as asserted in the Organic Law (Article 217) requiring that revenue sources be commensurate with the scope of SNA's assigned/delegated functions.

In essence, financing mechanisms can be grouped into two broad categories: "budget financing" and "project financing":

> ***Budget financing*** refers to the various transfer mechanisms through which financial resources are channeled to SNAs according to the "budget support" modality; these transfers are intended to enable SNAs finance the implementation of their assigned or delegated functions (i.e. regardless of the nature of these functions: general mandate, permissive, specific…). Budget financing can be general purpose (unconditional) allowing SNAs full discretion over the utilization of the transfers provided they comply with the established statutory financial management rules, or purpose-specific (conditional) whenever a set of conditions are attached to the use of resources by SNAs especially in respect of eligible expenditures and/or planning-budgeting processes.

> ***Project financing*** aims at enabling SNA finance the cost of implementing a particular investment initiative (and not a function as in the case of budget financing). The transfer (grant) is therefore clearly earmarked for the proposed investment project promoted by the concerned SNA, once such project has been praised and it's financing approved by the relevant funding agency.

The figure below illustrates the different SNA financing instruments as foreseen by the IP3 (besides the own-sources revenues instrument which is not shown on the figure).
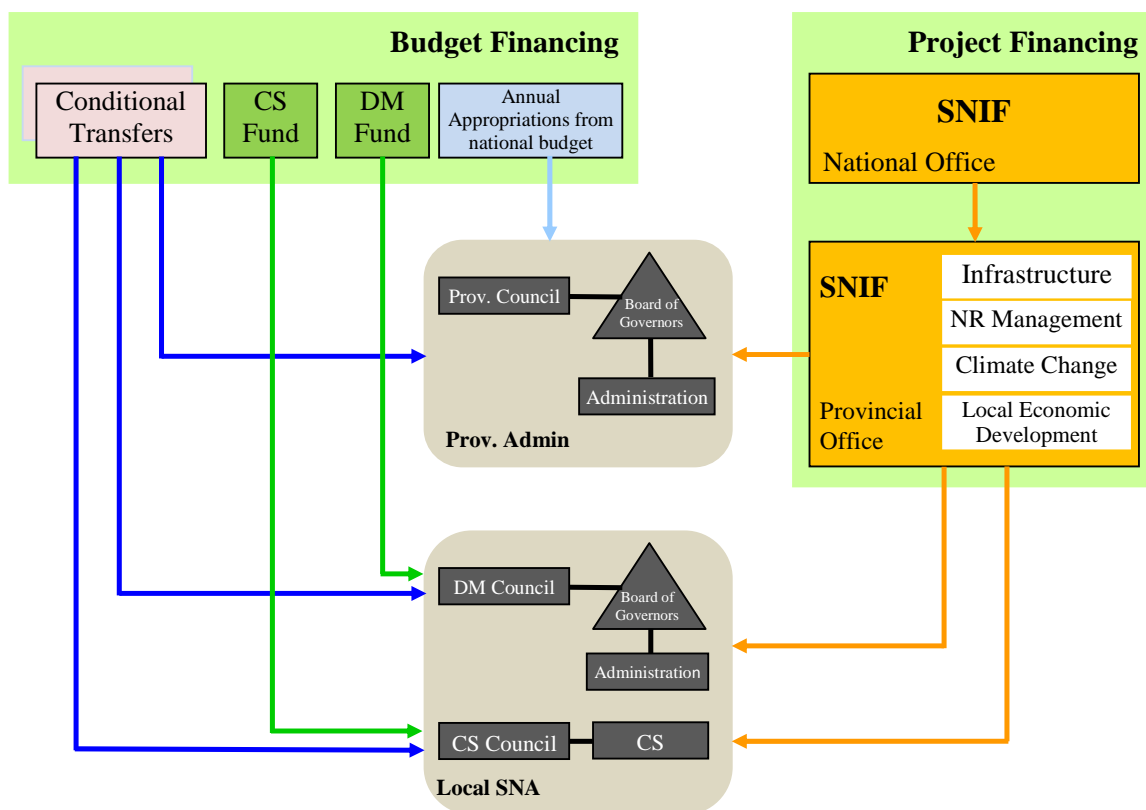
Budget Financing Instruments

A).   Own-source revenues:

Own-source revenues shall include tax and non-tax revenues, and shall be specific to each category of sub-national administration (with the possibility of shared revenues between different levels of SNAs); yet, in order to promote their budgetary autonomy and enhance their accountability to local constituencies, SNAs should be gradually empowered through their respective Councils to exercise a certain degree of discretion in setting the bases and/or rates of their assigned own-sources revenues under conditions and arrangements to be determined by the law and regulations. It is expected that no devolution of substantial taxing powers would be achieved during IP3 time frame, and SNAs ability to generate revenue through fees for services will also remain limited.

B).   General purpose transfers:

IP3 envisages three general-purpose transfer streams - one for each level of sub-national administration:

- **The Commune/Sangkat Fund:** the Fund's rules should be refined to confirm the discretionary nature of the CSF while stressing its original purpose as an incentive for promoting good local governance, rather than a facility for rural road infrastructure investments.
- **Budget support to the provincial administrations (State budget annual appropriations):** The current mechanism for funding provincial SNA (a mix of assigned national revenues sources and budget gap-filling contributions from the State Budget) will need to be reformed to make the system more equitable and

transparent; hence, transfers to provincial SNA budgets must be based on a fair, sound formula (and not subject to bargaining as it has been the case so far).

- **The District/Municipality Fund (DM Fund):** DM Administrations currently do not have any system to finance their general mandate for promoting democratic development or any other expenditure in their respective jurisdictions. Yet, the problem of Districts and Municipalities financing is further compounded by the fact that these SNAs, following the OL requirement, have embarked immediately in local development planning exercises, which in the absence of programmable resources, are bound to lead to "wish lists" and generate frustration and disillusionment in the SNA system. The proposed DM Fund is intended to address this shortfall by providing Districts and Municipalities with a minimum of resources to operate properly and engage in service delivery. The DM Fund is to be conceived as a general-purpose (unconditional) transfers system that could be designed around some key principles (see box below).

C).   Conditional Funding:

All SNAs would also receive conditional (purpose-specific) funding to be used for meeting the costs of implementing specific functions to be assigned or delegated to them by law, regulations or contractual arrangements.

Project Financing Instrument

The IP3 will also envisages an additional project financing facility (to be referred to as the *Sub-National Investment Facility* or SNIF) that sub-national administrations (Province, DM and CS) could access to finance their investment in local infrastructure. The rationale of the SNIF is, therefore, to:

- i.   relieve the pressure on the allocation of limited regular transfers (general purpose CSF and DMF) to major infrastructure projects, making such transfers available for other activities demanding and inducing greater learning and capacity for good local governance (such as the provision of social protection services to the vulnerable and the poor and promotion of local economic development in partnership with local private economic actors);
- ii. improve the appraisal process of infrastructure investments, allowing an assessment of projects on their merits in terms of development impact.

Indeed, the experience with the CS Fund has shown that local development priorities often end up in relatively bulky infrastructure projects (roads and irrigation), which the Communes have tried to finance from their CS Fund transfers. This has generated inefficiencies and somehow also reduced the intended impact of the CS Fund on building capacity for effective local governance. Financing bulky infrastructure through the annual stream of revenue from regular fiscal transfers extends the time of implementation of projects, delays benefits and occasionally puts Communes in the position to attempt projects they cannot properly finish. No real appraisal of the project takes place, as their identification in the local planning process, is the facto equated with a declaration of viability. This process may also commit the entire annual stream of revenue of a Commune to a single major project, making it difficult to develop other less capital-intensive (and potentially more effective activities for the purpose of learning good local governance practices) initiatives for social protection and local economic development promotion for instance.

The SNIF is conceived of as a financial facility managed by an institution, affiliated to the Ministry of Economy and Finance, with its own technical capacity for investment appraisal and with provincial offices to accept applications for projects from SNA (Provinces, DMs, CSs). It would appraise projects on their merits and provide resources to the SNA subject to established conditions (such as compliance with sound procurement and project management practices). Yet, the scope of the investment projects supported by the SNIF should be broad and the Facility should develop financing "windows" dealing with:

- Infrastructure
- Natural Resources Management
- Climate Change
- Local Economic Development ventures.

DM Fund Key Features

1). The DM Fund could be set up and managed in the form of a 'special treasury account' (STA) on the CS Fund model, for the sake of greater transparency and certainty, but also to encourage the Development Partners (DPs) to contribute to its capitalization;

2). The DMF would provide funding to all districts and municipalities for both their general administration costs and local development expenditures; to this end, the DM Fund resources available for distribution could be divided into two components: one for general administration expenditures, the other dedicated to local development expenditures (both recurrent and capital); the two components are to be distributed among the recipient DM according to proper criteria.

3). Distribution of the <u>general administration component</u> would be based on a set of **norms** such as
- Staff salary (based on projected number of staff to be employed during the concerned year)
- Allowances due to the DM Councilors
- Number of councilors (to account for the council operating costs)
- Number of staff (to account for the general administration costs)

4). The <u>local development component</u> should be distributed in accordance with a formula; initially, the criteria to be considered in the formula could be:
- The size of the district/municipality's population (as a proxy for the development expenditure needs factor)
- The development (or poverty) level: this criteria is used as additional indicator of the development expenditure needs and, at the same time, a proxy for the revenue mobilization disparities indicator (assuming that the poorer the district or the municipality the less potential it has to raise own-source revenues).
- The geographic size of the DM (to account for disparities in service delivery costs)
- Eventually, an equal share, and
- A performance indicator (to reward those DM Administrations which adhere to established good governance standards).

5). Later on, assuming that local revenue sources are assigned to districts and municipalities, additional criteria could be added to the formula to introduce a more precise measure of fiscal equalization; the criteria to be considered to this end could be:
- The average local revenue collected
- The size of the sub-national revenue base (revenue mobilization potential if the sub-national administration applies adequate effort to collect its revenues).

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6). The performance indicator (score) could be constructed based on compliance with some (or all) of the following:

- *Participatory planning requirement*: DM councils should have a series of pre-announced council meetings at which the public is able to express their priorities for local services and infrastructure in a participatory manner.
- *Timeliness*: DM Administrations should have their annual budget planning completed and approved in a timely manner.
- *Accountability requirement*: DM administrations should ought to receive a positive audit report from an independent auditing institution;
- *Reporting requirement*: DM administrations should provide the relevant national authorities with timely submissions of all required budget documents and reports, consistent with the specified formats.
- *Procurement requirement*: DM administrations should follow sound tendering practices, and conform to established procurement regulations and standards.
- *Transparency requirement*: DM councils and administrations should systematically inform also the public about local financial decisions.

7). Access (total or partial) to transfers from the Local Development Component could be subject to some qualifying conditions that districts and municipalities must fulfil to access the transfer; the rationale of imposing these conditions is to promote good governance practices at sub-national level.

Appendix 4.2

Projected Fiscal Transfers during IP3 Time Frame

Fiscal Transfers Mechanisms

The National Program first 3-year Implementation Plan (IP3) aims at reforming and/or developing a sound financing framework for SNAs, including a range of funding mechanisms and modalities, including:

Category	Instrument
General Purpose (unconditional) transfers	• CS Fund (CS Councils)
	• DM Fund (DM Administrations)
	• National Budget Transfers (Provincial Administrations)
Purpose-specific (conditional) transfers	• Categorical/Sectoral Grants
	• Contract-based transfers
Project-based financing grants	• Sub-national Investment Facility (SNIF)

Projected Financing (USD)

Financial Assistance to be provided to SNAs through the various financing mechanisms is expected to amount to **450 M.US$** or 150 M.US$/year on average:
- **Non incremental** funding accounts for 84% of the total, and is fully borne by the Royal Government of Cambodia (RGC) through budget support to the CS Councils (CS Fund), the DM Administrations (DM Fund), and the Provincial Administrations;
- **Incremental** funding accounts for 16% of the total; it is shared by both the RGC (29%)[47] and the Development Partners (71%); DPs' share in the incremental funding will be channeled through DM Fund, the SN project-financing facility (SNIF), and eventually the conditional transfers and the CS Fund (if any).

IP3: Estimated Fiscal Transfers to SNA				
	2011	**2012**	**2013**	**Total IP3**
CS Fund				
RGC	38,270,000	39,420,000	40,600,000	118,290,000
DPs				
DM Fund	18,545,325	24,675,000	28,050,000	71,270,325
RGC	11,795,325	14,550,000	14,550,000	40,895,325
DPs	6,750,000	10,125,000	13,500,000	30,375,000
Provincial Budget Support (RGC)	77,600,425	79,800,000	83,275,000	240,675,425
Project Financing Facility (DPs)	5,400,000	6,750,000	8,100,000	20,250,000
Conditional/Contractual Grants Pilots				
Contractual Transfers Pilots				
Total	**139,815,750**	**150,645,000**	**160,025,000**	**450,485,750**
RGC Effort (89% of total)	127,665,750	133,770,000	138,425,000	399,860,750
DPs Contributions (11% of total)	12,150,000	16,875,000	21,600,000	50,625,000
Non Incremental (84%)	121,768,088	126,495,000	131,150,000	379,413,088
RGC Effort	100%	100%	100%	100%
Incremental (16%)	18,047,663	24,150,000	28,875,000	71,072,663
RGC	33%	30%	25%	29%
DPs	67%	70%	75%	71%

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[47]The RGC's share in the incremental funding corresponds to 50% of its contribution to the DM Fund, assuming that the other 50% is non incremental (DM general administration costs channeled until now through the provincial (Salakhet) budget.

The above figures are based on the following assumptions:

a). **CS Fund**

- The RGC shall maintain its financing of the CS Fund during IP3 time frame at its current level, i.e. 2.8% of total recurrent domestic revenues

- The projected CS Fund resources do not take into consideration potential additional contributions from the DPs which are yet to confirmed

- Accordingly, and notwithstanding additional DPs contributions, each commune/ sangkat would receive annually on average 24,300 USD

b). **DM Fund**

- The RGC shall also contribute to the capitalization of the foreseen DM Fund at least up to the estimated general administration costs of DMs: **14.2 M. US$** per year. These estimates are used as a basis for determining the RGC's minimum level of financing effort, and do not therefore imply that the RGC's contribution would be earmarked for general administration purposes

- General administration costs of DMs include staff salaries, councilors allowances, operation costs of DM administration and council; these costs are detailed as follows (assuming that all the staffing positions in the DM organization chart are filled)

DM Admin Costs	Cost/year	Number	Value	Percent
Salary			**5,661,000**	40%
Governor	2,700	185	499,500	
Deputy Governor	1,200	740	888,000	
Officers	1,050	4070	4,273,500	
Councilors Allowances			**4,186,500**	29%
Chief	2,100	185	388,500	
Members	1,500	2532	3,798,000	
Operation			**4,347,500**	31%
Administration	20,000	185	3,700,000	
Council	3,500	185	647,500	
Total			**14,195,000**	**100%**
Average per DM			**76,730**	

- However, it should be noted that the draft document of the national budget for 2011 (currently under finalization by the Ministry of Economy and Finance) has earmarked an appropriation equal to **11 M US$** for the recurrent expenditures of DM Administrations (61,115 US$ on average per D/M); pending the establishment of the DM Fund, transfers from the National Budget shall be reflected and channeled to DM Administrations through the provincial administration budget.

- The targets for DPs contributions to the DM Fund are set on per capita basis: on 0.5 US$ in 2011, 0.75 US$ in 2012, and 1 US$ in 2013.

- If the above targets are met, each DM will be expected to receive on average 130,500 US$ per year over the IP3 period.

c).   **Provincial Administrations**

IP3 assumes that the RGC shall provide budget support to the provincial administrations on the basis of **78 M. US$** per year; this figure is in line with the average annual financing made to the provincial budgets during the last 3 years (2008-10).

Sub-National Investment Facility

- The Sub-national Investment Facility (SNIF) is a project-based financing window that all SNAs (provinces, districts, municipalities, and communes/sangkats) could access to finance their capital investment in local infrastructure; and hence relieve the pressure on the allocation of limited general purpose transfers (CS Fund and DM Fund) to major infrastructure projects.

- The targets for funding the Facility (from DPs contributions) are set on per capita basis: on 0.4 US$ in 2011, 0.5 US$ in 2012, and 0.6 US$ in 2013.

Appendix 4.3

Terms of Reference for Key Posts

Position No 1 : Sub-national Administration Financial Management Systems Adviser
                (International)
Status   **:** Resident (Duty station: Phnom Penh)
Duration   **:** 3 years

The purpose of assignment is to assist the Sub-Program Management Unit (within the Ministry of Economy and Finance) in the implementation of IP3 sub-program 4 (SNA Resources), particularly in respect of the design, regulation and application of SNA financial management systems and procedures as well as related capacity building.

Key Tasks

The SNA Financial Systems Adviser (FSA) shall carry out the following tasks:
1. To assist the Sub-Program Management Team (SPMU) in the finalization (if any) of the SNA Finance Regime and Property Management Law;
2. To support the SPMU in the preparation of the Sub-Program annual work plan and budget, and the monitoring of its implementation;
3. To assist in the development of legal/regulatory instruments for the application of the SNA Finance Regime and Property Management Law (rules and regulations pertaining to all aspects of the SNA financial management structure);
4. To provide assistance in the development of a capacity building plan and tools to enable SNA use the financial management systems and processes in consistent, effective manner
5. To identify capacity development needs of MEF and relevant MEF Directorates and Departments in respect of support and supervision of SNA financial management; and recommend policy and instruments to address those needs;
6. When needed, to provide on the job training to SPM staff members and other relevant MEF structures in the area of sub-national financial management, and monitoring of SNA fiscal and financial management performance
7. To advise and assist in the design of SNA fiscal transfers mechanisms and monitoring their implementation;
8. To Advise on the development of SNA property management system to ensure assets are safeguarded from wasteful or improper use;
9. To liaise and cooperate with advisers working under NCDD-S in all matters relating to the design and application of SNA financial management and financial accountability systems;
10. To assist NCDD Sub-Committee on Financial and Fiscal Affairs (chaired by MEF) in carrying its work ;
11. To provide advice and recommendations, as requested, to MEF and NCDD-S on any issues related to SNA financial management and financial accountability.
12. To assist in the preparation ToRs and selection of short-term consultants and overseeing their performance;

Minimum qualifications and experience

- Post graduate degree, or equivalent, in management, finance, economics or any other field relevant to sub-national (local) financial management
- Extensive and detailed knowledge of comparative approaches to sub-national financial management systems; especially in centralized, low income countries with local government capacity constraints;
- Extensive knowledge of sub-national financial planning and management systems, procedures and regulations.
- Substantial number of years of international experience advising on the development of financial management systems and related regulation for local governments;
- Demonstrated ability to engage senior level decision-makers in policy dialogue regarding financial systems design
- Demonstrated ability to provide advice to both senior level government officials and civil servants;
- Fluency in written and spoken English is essential and a working level knowledge of Khmer is an advantage.
- Good communication skills both in designing and conducting presentations and in written reports.
- Prior experience/knowledge of fiscal decentralization and sub-national finance in the Cambodian context is an asset.

Position No 2 : SNA Financial Management Capacity Development Adviser (National)
Status **:** Full time (duty station: Phnom Penh)
Duration **:** 3 years

The purpose of assignment is to assist the Sub-Program Management Team (within the Ministry of Economy and Finance) in the design and implementation of capacity building plan and activities for SNA financial management systems and procedures.

Key Tasks

The SNA Finance Adviser shall carry out the following tasks:
1. To assist in the development of training materials and manuals to be used for training SNA staff members and officials on financial management;
2. To assist in the formulation and monitoring of the annual financial management capacity building program;
3. To assist the SPMT in reporting on th implementation of the annual work plan and budget
4. To provide backstopping to the provincial finance advisers ;
5. To provide assistance to the Financial Systems adviser
6. To assist the Department of Local Finance in the preparation of the annual fiscal review of SNA;
7. To facilitate coordination and integration of inputs provided by MEF relevant Directorates and Departments to the implementation of the Sub-program activities
8. To provide advice the PFM Working Group on SNDD and technical working group of NCDD subcommittee on fiscal and finance affairs;
9. To provide support to the short-term consultants working for the Sub-program
10. To assist in translating into Khmer language policy papers, draft legal instruments and other documents developed by the Sub-program.

Minimum qualifications and experience

The suitable candidate for the position should have the following qualification and experience:
- At least graduate university degree in Business Administration, finance or economics
- At least 5 years of experience in the field of sub-national financial management
- Knowledge of the Cambodian treasury system and public finance
- Proven experience in capacity building in financial management
- Knowledge of computer use, including key Ms office tools;
- Ability to work and take initiative with the minimum of guidance,
- Sound inter-personal communication and facilitation skills and proficiency in the English language, and Khmer both written and oral.
- Experience in fiscal decentralization is an added advantage – either at policy or operational levels.

Position No 3 : Provincial Finance Adviser (National)
Status   **:** Full time (duty station: provincial department of MEF)
Duration   **:** 3 years

The purpose of the assignment is to support the implementation of the capacity building activities at sub-national level through the fielding of a provincial-based adviser who will work out of the provincial Department of MEF to assist the provincial administration relevant offices in training sub-provincial administrations (district, municipality, and commune/sangkat).

Key Tasks

The **Provincial Finance Advisor** (PFA**)** is expected to carry out the following tasks:
1. To prepare the provincial capacity building work plan of the Sub-program
2. To coordinate and monitor the execution of the provincial capacity building work plan
3. To provide technical support to the provincial administration Chief of Finance
4. To assist the provincial administration in delivering training to sub-provincial administrations (DM and CS)
5. To assist the provincial administration in the management of externally-funded projects and ensure that fiduciary requirements are met
6. To provide technical advice to the provincial treasury (when needed) in connection with the accounting services to DM administrations and CS councils
7. To conduct formal and on-the-job training for the provincial administrations counterparts (Finance Officer and his/her staff) on all aspects of the financial management system
8. To assist the provincial Department of MEF in carrying out its statutory tasks, in particular in the consolidation of fiscal data for the whole province at the budgeting and execution stages
9. To report on a regular basis to the SPMT on the execution of the Sub-program activities in the province.
10. To carry out any other tasks as mandated by the SPMT

Qualifications and Experience

The suitable candidate for this position must have the following qualifications:
- At least a Bachelor degree in a field relevant to sub-national financial management
- At least 3 years experience in financial management
- Proven training and presentation skills
- Fluency in spoken and written Khmer and fair knowledge of English
- Previous experience working with former Seila program, PLG support project or PSDD program is an added advantage and may compensate for lack of some qualification in the other areas.

Sub-Program 5

SNA Planning and Investment Programming Systems

Implementing Agency:
Ministry of Planning (MOP)

Components

5.1. Developing the Planning Systems of SNA
5.2. Developing SNA Planning Capacity

CONTENTS OF SUB-PROGRAM 5

1. EXECUTIVE SUMMARY

The **purpose** of the Sub-Program is to develop the capacity of Sub-national Administrations for strategic planning and three-year investment programming.

The Sub-Program is structured into two **components** and a set of **objectives** and related deliverables - which are derived from the National Program for Sub-National Democratic Development (NP-SNDD):

Components	Objectives	Deliverables
Developing the Planning Systems of SNA	Developing the Planning systems of SNA	• Revised Guidelines for provincial planning • Revised Guidelines for District planning • Revised Guidelines for Municipalities planning • Revised Guidelines for Metropolitan planning • Revised national regulations on sub-national development planning (including revision of guideline on CS investment program to reflect intra administration projects)
	Pilot Strategic Planning exercises focused on SSD,NRM,LED	• Selected (25) national professionals certified as strategic planning facilitators • SNA officers capable to organize and manage strategic planning processes • Tested methodologies and guidelines for sub-national strategic planning
	Pilot SNA Investment Programming exercises	• SNA officers capable to manage the preparation of SNA Investment Programs • Tested methodologies and guidelines for sub-national Investment Programming
	Carry out research on sub-national "Spatial Development Frameworks"	• Policy paper on integration of Development and Spatial Planning in Cambodia • Pilot "Spatial Development Frameworks" developed for selected DM
	Develop MIS supporting sub-national Planning systems	• Revised Commune Database(CDB) to serve all SNA and central-level information needs • Revised Commune Planning Database (CPDB) to serve all SNA and central-level information needs • Manual for the MIS components supporting planning
Developing SNA Planning Capacity	Development capacity for Capital Provincial Planning	• Capital/Provincial Planning Manual • Capital/Provincial Planning Capacity development Manual • Capital/Provincial Administration Officers managing all aspects of Planning process
	Development Capacity for DM planning	• District Planning Manual • District Planning Capacity development Manual • Municipal Planning Manual • Municipal Planning Capacity development Manual • District Planning Officers managing all aspects of Planning process • Municipal Planning Officers managing all aspects of Planning process
	Evaluate Planning systems performance at all SNA levels	• SN system Planning Evaluation report (2012) • SN system Planning Evaluation report (2013)

The **Ministry of Planning** (MOP) is the designated national implementing entity for the IP3 / Sub-Program 5, in coordination/involvement of other actors: NCDD-S, the Ministry of Land management and Urban Planning and the Sub-national Administrations at Provincial, Municipal and District levels.

To this end, the Ministry of Planning will set up a special "Sub-Program Management Team" attached to its existing "D&D and Seth Koma Working Group" to manage the Sub-Program implementation in conformity with the modalities and resources envelop to be set up in the "Implementation Agreement" between MOP and NCDD.

2. SUB-PROGRAM DEFINITION

2.1. Vision

Sub-Program 5aims to develop the capacity of Sub-national Administrations for strategic planning and investment programming.

It supports the SNA as autonomous policy-making and budgeting units, (alongside the central State administration and other autonomous and semi-autonomous public institutions), within the overall structure and accountability relations of the Cambodian public sector.

It should be noted that the vision underlying the development of sub-national planning systems and capacities is built on a deeper understanding of strategic planning and its difference from traditional medium-term public sector development planning. In addition, the development planning has provided little effect on allocative and productive efficiency of scarce local public resources, and even less effect on local community and private sector resources mobilization.

Strategic planning has emerged as a response to such perceived failures, and it aims to promote strategic thinking and the identification of a limited number of strategic priorities, based on both needs and opportunities, around which to build multi-actor partnerships and on which to focus local resources mobilization and allocation of SNA resources.

2.2. Components and Objectives

Sub-program 5 includes the components and objectives listed and described in the table below. All are derived from the National Program for Sub-National Democratic Development (NP-SNDD) approved by the Council of Ministers in 28th May 2010.

Component	Objective	Description/Rationale
5.1. Developing the Planning systems of SNA	5.1.1. Develop, revise and issue Planning Guidelines for all types of SNA	The guidelines covering "strategic" development planning and investment programming at `Capital, Provincial District Municipality and Khan level have been developed by MOP and are expected to be approved and implemented in early of 2011. The guidelines on CS investment programs also need to be revised to reflect intra administration projects .Much of the capacity development effort to be undertaken at the outset of the Sub-program 5 will be based on these guidelines. Yet , during the IP3 period , drawing also on the results of the pilot exercises to be carried out under the Sub-program (see below), these guidelines will need to be both revised and

Component	Objective	Description/Rationale
		complemented by Technical Manuals and capacity development Materials.
		By the end of the IP3 a new set of guidelines is expected to emerge, that:
		1. recognize and address the need for differentiating between (a) <u>Regional planning</u> for regional-type authorities like the Cambodian Provinces, (b) <u>Urban planning</u> for the integrated local systems made by Municipalities and their Sangkats, (c) <u>Metropolitan Area planning</u> for the integrated and rapidly evolving local system made of the Capital, its Khans and Sangkats, and (d) <u>Mixed-Areas Planning</u> for Districts and their constitutive Communes and Sangkats;
		2. establish a clearer differentiation between the role of the SNA's and de-concentrated administration and that of elected Councils in the planning process;
		3. support and provide tools for an autonomous process of informed policy formulation and structured consultation and decision-making by sub-national Councils;
		4. strongly uphold the budgetary autonomy of the emerging Sub-National Administrations vis a vis the central administration and its de-concentrated agencies, with respect to the preparation of corporate SNA strategic plans and the allocation of resources (both from own sources and transfers) in SNA's investment programs and capital budgets;
		5. facilitate the identification of strategic priorities, based on both needs and opportunities, and the related mobilization of local and external resources; and
		6. integrate spatial-environmental planning considerations into the preparation of SNA strategic development plans
		This will also require that recently issued sub-national planning regulations be revised by the end of the IP3.
		To address the above issues and help revise the existing Guidelines and related regulatory texts, specialized consultants (international and national) will be procured as needed, under the Sub-program.
	5.1.2. Pilot Strategic Development Planning exercises focused on SSD,NRM, LED	Basic conceptual and technical improvements in sub-national planning processes and Guidelines should be introduced during the IP3 period. Such improvements should be guided by: 1. A recognition that the SNA is only one of several actors operating in the local space and affecting its development. This suggests that sub-national strategic development planning should include the development of "community-wide visions" and SNA corporate "strategic plans". There is in fact a need for both: a. developing a community-wide vision(sometimes referred to as "area strategic plans") with contribution from multiple stakeholders including de-concentrated agents of the central administration, lower level local authorities, civil society organizations and private sector; and

Component	Objective	Description/Rationale
		b. deriving from such exercises the "corporate strategic development plans" of the SNA (as autonomous public sector budgeting units), consistent with their mandate (including obligatory and permissive functions) and mission. It is such corporate strategic development plans that provide the link between the multi-stakeholders community vision and the SNA's statutory public expenditure instruments of (a) rolling multi-years investment programs (see below) and (b) annual budgets. 2. A deeper understanding of strategic development planning and its difference from traditional medium-term public sector planning (see Vision above). As a Cambodian system of autonomous sub-national administrations emerges, the reproduction of the current administrative-style planning practices could be avoided, and an extraordinary opportunity for renewing local planning practice might develop. There is also considerable international experience on local authorities' strategic development planning in both developed and developing countries, which could be brought to bear on the improvement of sub-national planning in Cambodia. Yet the difficulties should not be underestimated. Continuing ambiguities in the legal framework of SNA (particularly with respect to the roles of the de-concentrated and local administrations) and hard-to-change administrative mind-sets will continue to pose formidable obstacles to innovation. But also, on a more technical level, there is a need for: (i) adapting the institutions and techniques of strategic planning to the Cambodian conditions and developing flexible processes in different substantive areas; (ii) overcoming huge capacity deficits To address these requirements, a number of pilot strategic plans will be prepared, under the IP3, in selected Provinces(3), Districts (3) and Municipalities(3), each involving focused planning exercises in (a) Social Services Delivery (SSD), (b) Natural Resources Management and Climate Change Adaptation (NRM) and (c) Local Economic Development (LED). Lessons learned will be fed into the preparation of capacity development materials. These will be used to train professional facilitators of local–level strategic planning exercises, from whose ranks the SNA could draw for their needs of planning facilitation and backstopping services. A first batch of 25 professional facilitators, sourced from academia and the private and non-profit sectors will be trained and certified by the MOP as qualified services providers, in the second year of the IP3. The process will be coordinated by the MOP/SP Management Team Executive Manager with the assistance of specialized consultants (international and national).

Component	Objective	Description/Rationale
	5.1.3. Pilot SNA Investment Programming exercises	Improvements will also be needed in the Guidelines for SNA's investments programming. Here there is a need to clarify basic conceptual aspects including (a) the definition of what expenditures qualify as investments, to control the practice of financing recurrent expenditures through the capital budget and (b) the definition of which investments should actually be reflected in the SNA program. This last point is critical to ensure that mechanisms set up to "integrate" multi-actor and multi-level planning and investment programming do not end up blurring the lines of responsibilities for decision-making and resources allocation and ultimately compromise the principle of budgetary autonomy of the emerging SNA. A clearer understanding of SNA investment programs will have to be developed and put in practice, as they are meant to be instruments for the programming, appraisal, financing and management of investments within multi-year budget constraint (a MTEF) and not just annual opportunities for another round of "strategic" planning. Conditions under which an investment proposal goes in or out of the investment program should also be made more explicit and rigorous, enhancing local capacity for project appraisal. To address these and other weaknesses of the existing Guidelines, during the IP3 period, improved institutions and techniques for preparation and management of SNA investment programs will be developed and piloted in selected Provinces (3), Districts (3) and Municipalities (3).Capacity development materials will be developed and then delivered to Provincial and District/Municipality SNA staff will be implemented. The process will be coordinated implemented by the MOP/ SP Management Team with the support of international and national consultants.
	5.1.4. Carry out research on SN "Spatial Development Frameworks"	While the current Guidelines indicate the need for analysis of the "Land Use and Natural Resources and Environmental Management Situation" they stop short of establishing the need, and a mechanism, for integrating development planning and spatial planning. As international experience suggests this is best accomplished by developing and incorporating in the strategic plan of a sub-national administration a "Spatial Development Framework" (SDF) that includes guidelines for land development management. A Spatial Development Framework should only determine the overall direction for land development management in the area, by indicating: a. Where development should not occur (for sustainability, environmental, access, or other reasons) b. The proposed spatial pattern of the SNA's(and other agencies') investments in infrastructure c. Areas where particular types of investments should be

Component	Objective	Description/Rationale
		encouraged (light industry, commerce, etc.) d. Areas of high impact uses and special services requirements e. Zones where high intensity activity will be allowed The SDF will not address the entire range of issues which SNA (particularly Municipalities) will face, as and when they will take responsibility for land management (to be defined by the functional reassignment process). These issues go beyond the SDF and require the preparation and administration of detailed Land Use/Zoning schemes, the set up of local property registration and valuation systems and the establishment of rates system and licensing procedures. Yet the SDF, while a component of strategic local development planning, would necessarily be also part of a broad local-level land management system. This implies that responsibility for defining and regulating such planning document should be jointly taken by the Ministries of Planning (MOP) and by the authority regulating the land management and development process in Cambodia: currently the Ministry of Land Management and Urban Planning (MLMUP). It must be stressed however that the effective integration of development and spatial planning is not easy in any country (developed or developing) and will not be easier in Cambodia, where SNA responsibilities in managing land and natural resources remain largely un-defined and related capacity is extremely low. Before proceeding to formally include the preparation of SDF in new Guidelines for sub-national planning, the way in which such frameworks can be realistically developed by Cambodian Districts and Municipalities, must be studied and tested. To this effect , under the IP3,MOP will enter into a partnership with MLMUP and the latter will award and administer a contract with a suitable consulting firm for: a. the preparation of a policy paper on options for integrating Development and Spatial Planning in Cambodian Districts and Municipalities, and b. The preparation of pilot "Spatial Development Frameworks" for selected Districts (3) and Municipalities (3) Results of this contract will have to be evaluated independently by MOP, with the assistance of international and national consultants, to determine the scope and format of the SDF to be included in the final MOP Guidelines for SN Planning.
	5.1.5. Develop MIS supporting SN Planning systems	At the end of the National Program, the data management system supporting the operations and evaluation of the sub-national administrations are likely to comprise: a. System components that support local planning, overseen by the Ministry of Planning b. System components that support the management of sub-national administrations' budgets, physical assets and human resources, overseen by the Ministry of the Interior

Component	Objective	Description/Rationale
		c. System components that support the monitoring and evaluation of the SNA performance; overseen by the NCDD The MIS components that support SNA planning and investment programming processes should provide information that facilitates the analysis, decision-making and control activities of the main stakeholders of such processes. These include Councils, Executive and Administrative structures of the SNA as well as the central agencies responsible for financial and technical support and for legality controls and performance monitoring of the SNA. Under the IP3, as new procedures and guidelines for sub-national planning will be developed to better define the planning process and the roles and information needs of its stakeholders, databases supporting sub-national planning, will have to be reviewed and developed accordingly. At present there are two major databases managed by the Ministry of Planning: • the Commune Database (CDB); and • the Commune Development Planning Database (CDPD). They are meant to be the primary sources of data and information for planning at all sub-national levels The core purposes of the CDB are (a) to collect and analyse data for local planning and (b) to allow estimation of socio-economic indicators, including poverty levels, at the local level. The poverty index used for allocation of the CS Fund resources is based on CDB data. Tools have been developed also to estimate the Cambodia Millennium Development Goal (CMDG) indicators including poverty headcounts at the local level, although CDB cannot replicate the methodology used to measure CMDG indicators at national level leading to significant discrepancies when direct comparisons are attempted, and the poverty estimator is not yet capable of reliably ranking communes with broadly similar characteristics. The CDPD contains data on Commune development needs and priorities, as they emerge from local planning exercises, together with data on the responses to these priorities provided by potential supporting agencies (Line Departments, NGOs, etc) at District Integration Workshops as registered in "temporary agreements" between them and the Communes. Although CDPD records a large amount of information about local planning priorities and responses, interpretation of this information is problematic. This is largely because Commune planning emphasizes specific activities rather than strategic priorities. Temporary Agreements between Communes and potential supporting agencies are recorded as responding to the Commune plans if

Component	Objective	Description/Rationale
		they support a specific activity included in such plans, but not if they address the same need by other means.
		There is no way of determining whether supporting agencies actually select activities from the plan as submitted by Communes or propose themselves such activities for inclusion in the plan.
		Data on implementation of Temporary Agreements in CDPD are very incomplete. Priorities recorded in the CDPD are not cross-referenced with investments recorded in other national databases like the National Contracts Database (NCD) that tracks sector activities funded through the PRDC-ExComs, or Commune-level databases like the Project Information Database (PID), which records project, contracts and payments made out of CS Fund, to support reimbursement of selected expenditures by World Bank.
		The CDB and the CDPD are expected to continue in much their present form. However the question set of the CDB should be revised to provide a clearer focus on key information needed for estimation of key economic and CMDG indicators. Also tools to allow the use of CDB data and other data sources for calculation of the Provincial Gross Domestic product (GDP) should be developed.
		Implementation of Temporary Agreements should be monitored in the CDPD based on information from Communes not from supporters as is the general practice at present. Planning priorities in the CDPD should be cross-referenced to investments recorded output databases. CDPD should store information on activity locations in more easily retrievable format.
		Ultimately In the course of the IP3, the MIS components that supports SNA planning should evolve to reflect both a clearer distinction and a better cross-referencing of the corporate planning and investment programming data of autonomous budgeting entities (SNA, National Agencies, other Stakeholders) participating in area-wide, multi-actors planning exercises.
		Under the IP3 the MIS components that support SNA planning (CDB and CPDB) should be improved to better support local decision making as well as to inform the national agencies responsible for support and oversight functions. To this end:
		1. The CDB and CPDB should be reviewed in the framework of a broader exercise that will look at the SNA MIS in its entirety and ensure that
		a. All databases will share data definitions, standard look-up tables (e.g. lists of sectors and sub-sectors) and common standards for hardware and software;
		b. The different data sets will be cross-referenced;
		c. There will be no duplication of data collection and

Component	Objective	Description/Rationale
		entry;
		d. There will be a master data store that contains all the data in all the databases;
		e. There will be an MIS interface that allows users to generate standard reports, run queries, perform spatial (or Geographic Information System-based) analyses and download raw data from the master data store.
		2. Based on the above, user-friendly Manuals for the MIS components supporting planning will be developed, and
		3. Selected SNA personnel at Provincial, DM and CS levels will have their capacity developed to use and manage these databases.
5.2. Developing SNA Planning Capacity	5.2.1. Developing capacity for Provincial Planning	Capital/Provincial administrations are expected to develop both: • internal capacity for provincial planning and investment programming (to be developed in the Planning Office, and Investment Office of their Planning and Investment Division) • capacity to provide support and facilitation services to DMK (to be developed in the Local Support Office of their Planning and Investment Division). They perform this latter function, under delegation by several agencies of the central administration, to ensure proper coordination and single point of delivery of all capacity development activities provided to DMs and CSs. In principle, services to build capacity for sub-national planning in SNA, could be sourced from a variety of potential suppliers, including the private sector. However, as the SNA system is just emerging and potential suppliers of services outside of the central administration are almost absent, the initial round of capacity development is best provided directly through the Ministry of Planning which is national body with overall regulatory responsibilities in the sector. Nevertheless, in the course of the IP3, the Sub-program will initiate the development of a professional body of planning facilitators (from academia, private and non-profit sectors) which SNA could autonomously approach in the future for facilitation and technical assistance services as and when required by their planning and investment programming processes. Development both types of capacity will require first of all the appropriately qualified (trainable) staff be posted in the (a) "Planning", (b) "Support" and (c) "Investment" Offices of Planning and Investment Divisions of the Capital and Provincial Administrations and Capital and Provincial Planning Department. At a minimum, 3 professional planning and investment officers per Division will receive capacity development under the Sub-program. The actual number is likely to be greater, but will depend on the specific conditions of each Provincial Division.

Component	Objective	Description/Rationale
		Appropriate capacity developing materials will be developed with the help of the consultants and formal capacity development sessions will be carried out by the national team of the MOP on average 4 times a year per province. Special capacity development modules will be developed (in coordination with the management of Sub-program 6 which focuses on Councils' deliberative capacities) to build the capacity of provincial Councillors to interact with the provincial administration and de-concentrated units of the central administration, and develop autonomous capacity for policy formulation and decision making.
	5.2.2. Developing Capacity for D/M/K planning	District and Municipal Administrations are expected to develop both: • internal capacity for district/municipal planning and investment programming • capacity to provide support and facilitation services to CSs. Both types of capacities are to be developed in the DM Planning and CS Support Offices. DMs are expected to ensure proper coordination and single point of delivery of all capacity development activities provided to CSs. At a minimum, 3 professional planning and investment officers per DM Office and DM Planning Officers will receive capacity development under the Sub-program. The actual number is likely to be greater, but will depend on the specific conditions of each DM Administration. Appropriate capacity development materials will be designed with the help of the International consultant and national experts of the MOP and formal training sessions will be carried out by Officers of the Provincial Planning and Investment Divisions on average 2 times a year per DM. Special capacity development modules will be developed (in coordination with the management of Sub-program 6 which focuses on Councils' deliberative capacities) to develop the capacity of DM Councillors to interact with their respective administrations, and develop autonomous capacity for policy formulation and decision making.
	5.2.3. Evaluate Planning systems performance at all SNA levels	Two in-progress evaluations of the performance of the sub-national administrations in the preparations of respective plans and investment programs will be carried out in 2012 and 2013 and lessons learned will be combined with the results of the pilot tests of improved methods and fed into the preparation of the new version of the Planning Guidelines.

2.3. Deliverables

Objectives	Deliverables
5.1.1. Develop and Disseminate Planning Guidelines for all types of SNA	5.1.1.1. Revised Guidelines for provincial planning 5.1.1.2. Revised Guidelines for District (and constitutive Communes) planning 5.1.1.3. Revised Guidelines for Municipalities (and constitutive Sangkats) planning 5.1.1.4. Revised Guidelines for the Capital and its constitutive Khans and Sangkats(Metropolitan) planning 5.1.1.5. Revised national regulations on sub-national development planning and the revision of guidelines on CS investment program to reflect intra administration projects 5.1.1.6. Define core competencies and gradual, incremental levels of strategic planning capacity in different SNAs.
5.1.2. Pilot Strategic Development Planning systems focused on SSD,NRM,LED	5.1.2.1. Selected (25) national professionals certified as strategic planning facilitators 5.1.2.2. SNA officers capable to organize and manage strategic planning processes 5.1.2.3. Tested methodologies and guidelines for sub-national strategic planning
5.1.3. Pilot SNA Investment Programming systems	5.1.3.1. SNA officers capable to manage the preparation of SNA Investment Programs 5.1.3.2. Tested methodologies and guidelines for sub-national Investment Programming
5.1.4. Carry out research on SN "Spatial Development Frameworks"	5.1.4.1. Policy paper on integration of Development and Spatial Planning in Cambodia 5.1.4.2. Pilot "Spatial Development Frameworks" developed for selected DM
5.1.5. Develop MIS supporting sub-national Planning systems	5.1.5.1. Revised CDB to serve all SNA and central-level information needs 5.1.5.2. Revised CPDB to serve all SNA and central-level information needs 5.1.5.3. Manual for the MIS components supporting planning 5.1.5.4. SNA officers capable of using and maintaining CDB and CPDB and generating relevant reports
5.2.1 Developing capacity for Provincial Planning	5.2.1.1. Capital and Provincial Planning Manual 5.2.1.2. Capital and Provincial Planning Capacity Development Manual 5.2.1.3. Delivery of capacity development interventions for the capital and provincial staff and officials. 5.2.1.4. Capital and Provincial Administration Officers implementing all aspects of Planning process
5.2.2 Developing Capacity for DMK planning	5.2.2.1. DMK Planning Manual 5.2.2.2. DMK Planning Capacity development Manual 5.2.2.3. DMK Planning Officers implementing all aspects of Planning process
5.2.3 Evaluate Planning systems performance at all SNA levels	5.2.3.1. SN system planning evaluation report (2012) 5.2.3.2. SN system planning evaluation report (2013)

3.   SUB-PROGRAM ORGANIZATION

3.1.   Implementation Responsibilities

The designated national implementing entity for the IP3/Sub-Program 5 is the Ministry of Planning (MOP).

Other actors include: NCDD-S, the Ministry of Land management and Urban Planning (MLMUP) and the Sub-national Administrations at Provincial, Municipal and District levels. Respective responsibilities are outlined below:

Institutional Actor	Responsibility in Sub-Program 5

Ministry of Planning (MOP)	• To set up a central Sub-Program Management Team to manage all aspects of implementation of the IP3/Sub-Program 5 and produce all deliverables as listed in Section 2 above
	• To open in the name of the SP Management Team an imprest account for the purpose of receiving and managing resources transferred by the NCDD-S for the implementation of Sub-Program 5
	• To prepare an AWPB for the Sub-program 5 and related resources requirements estimates, indicating amounts that:
	  – should be transferred to the centrally-managed imprest account referred to above;
	  – should be transferred directly by NCDD-S to Sub-National Administrations to cover their costs of participation in Sub-Program 5; and
	  – should be transferred directly by NCDD-s to the Ministry of Land Management and Urban Planning for contributing to deliverables 5.1.4.1 and 5.1.4.2.
	• To request and obtain from NCDD-S, prior to advertisement, a "No Objection" on the Terms of Reference (TOR) and contracting modalities of all national and international technical advisory personnel to be employed for the purpose of implementing Sub-Program 5
	• To involve a representative of NCDD-S in all panels for selection of providers of TA services and obtain NCDD-S clearance prior to the signing of all related services contracts
	• To enter into an agreement with the Ministry of Land Management and Urban Planning on the TORs and all other aspects for carrying out a policy study on integration of Spatial and Development Planning in Cambodia and pilot the drafting of "Spatial Development Frameworks" in selected Provinces and DMs, (deliverables 1.1.4.1 and 1.1.4.2) and obtain NCDD-S clearance prior to proceeding with the implementation of the study.
	• To submit to NCDD-S quarterly technical and financial reports on the implementation of Sub-Program 5in a format to be specified by NCDD-S indicating progress in delivery of outputs as listed in Section 2
	• To draw NCDD-S attention to any policy, technical and other issues that might be affecting the implementation of Sub-Program 5 and the achievement of its objectives.

Institutional Actor	Responsibility in Sub-Program 5
	• To submit to NCDD-S, in the format and timeframe specified by NCDD-S, requests for (a) replenishments of the central imprest account of the SP Management Team and (b) transfers to MLMUP and participating Sub-National Administrations.
NCDD-S	• To develop and administer the implementation of an agreement of NCDD with the Ministry of Planning assigning to MOP the responsibility to manage all aspects of implementation of the IP3/ Sub-program 5 and produce all deliverables as listed in Section 2 above • Based on NCDD-approved AWPB, and corresponding funding requests by the MOI/SP Management Team, make advances, replenishments, transfers and payments, into (i) the MOI/SP Management Team imprest account, (ii) the account of the MLMUP, as necessary and (iii) the relevant accounts of SN Administrations or (iv) the accounts of their the suppliers of goods, services and works, as appropriate • To issue "No Objections" to the TOR of national and international advisers and consulting firms and participate in the panels for their selection and recruitment by the MOP • To oversee all aspects of the implementation of the NCDD agreement with the MOP, monitor the progress of Sub-Program 5 against NCDD-approved AWPB and approve all transfers of IP3 resources to MOP and other institutions involved in the implementation of Sub-Program 5.
Ministry of Land Management and Urban Planning (MLMUP)	• To enter into an agreement with the Ministry of Planning defining the terms of their cooperation and the respective responsibilities for carrying out a policy study on integration of Spatial and Development Planning in Cambodia and piloting the preparation of "Spatial Development Frameworks" in selected Provinces and DMs,(see deliverables 5.1.4.1 and 5.1.4.2) • To open an imprest account in the name of "SDF Pilot Study" for the purpose of receiving and managing resources transferred by the NCDD-S, upon request of the MOP, for the implementation of the above policy study and pilot SDF • To cooperate to the implementation of the policy study and pilot SDF, to the extent and in the modalities defined in the agreement with MOP.
Provincial Administrations	• To secure and assign appropriate staff that could be trained for provincial planning and for provision of support services to sub-provincial administrations in development planning • To facilitate and provide logistic support for the implementation of all capacity development and technical backstopping services to be provided by the MOP/SP Management Team under the IP3/Sub-program 5 • To manage all resources allocated to them for development their own and the DM's planning and planning facilitation capacity under the AWPB, as determined by the MOP/SP Management Team and transferred by NCDD-S into the single IP3 Provincial Imprest Account.

Institutional Actor	Responsibility in Sub-Program 5
District/Municipal Administrations	• To designate the DM administration staff responsible for DM and for capacity development of CS administrations in development planning, which should be the recipient of the capacity development interventions and technical backstopping services to be provided by the provincial administrations under the IP3/Sub-program 5. • To facilitate and provide logistic support for the implementation of all capacity development and technical backstopping services to be provided by the provincial administrations under the IP3/Sub-program 5. • To manage all resources allocated to them for development their planning and planning facilitation capacity under the AWPB, as determined by MOP and transferred by NCDD-S.

The diagram below summarizes graphically the relationships and the related distribution of responsibilities and resources among the main actors involved in the implementation of Sub-program 5.
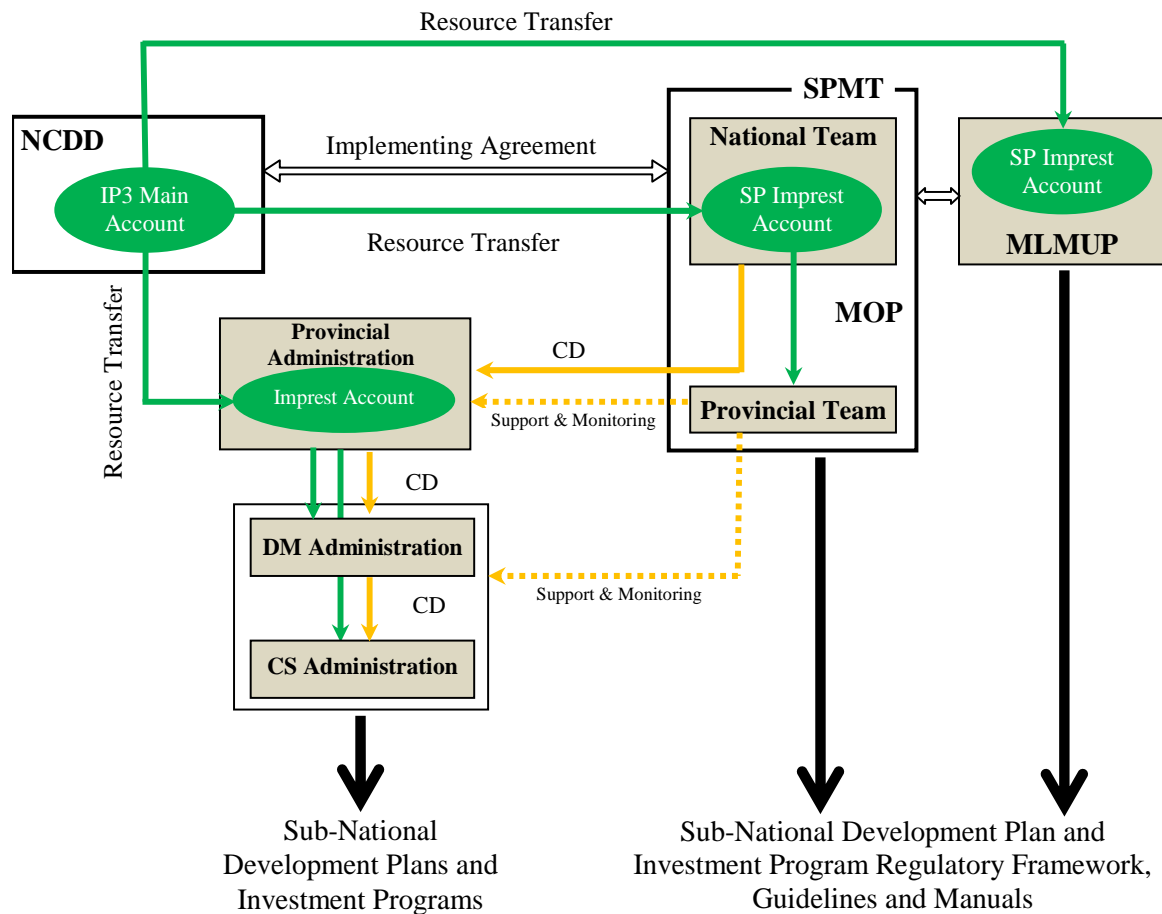
3.2.　Implementation Arrangements

To implement the IP3/Sub-Program 5, the Ministry of Planning will set up a special "Sub-Program Management Team" (SPMU) attached to its existing "D&D and Seth Koma Working Group". The organizational charts below illustrate the structure of the SPMU.
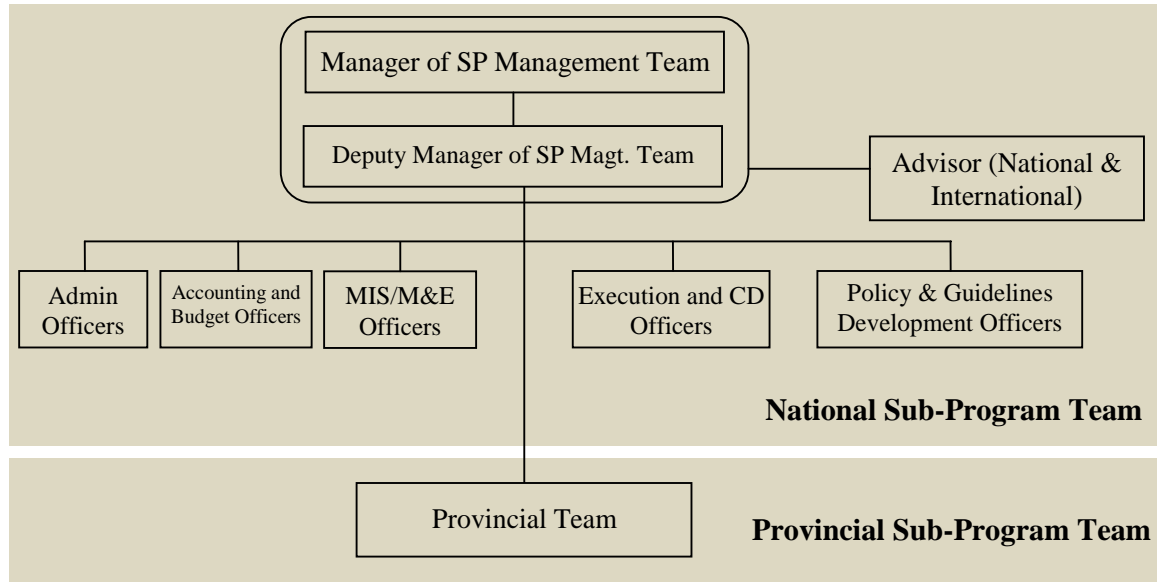
Under the guidance of the Sub-Program Manager, assisted by national experts and international consultants, the day-to-day implementation of Sub-Program 5 will be directed by an Executive Deputy Manager. Three substantive Officers will assist the Executive Deputy Manager to, respectively:

- Develop the SN planning policy and the set of new Guidelines as well as to conduct all pilot testing of improved methods and techniques,

- Define core competencies and levels of capacity to be acquired in strategic planning by different SNAs staff and officials

- Carry out the SNA capacity development activities and coordinate the related work of the provincial program officers and advisers

- Oversee the improvement of the CDB and CPDB databases and the related capacity development activities

The resources planning and reporting work of the SP Management Team will be supported by an Administration and an Accounting and Budgeting Officers.

4. SUB-PROGRAM IMPLEMENTATION PLAN

4.1. Approach

The following table describes the approach to be taken towards implementation of Sub-Program 5.

Phase	Overall Approach
Initiation	• Upon approval of the IP3, an agreement will be signed by NCDDS and MOP for the implementation of Sub-Program 5
Planning	• MOP will prepare a plan for implementation, a budget and a schedule of resources requirements for Sub-program 5 activities to be carried out at national and provincial level over the period 2011-13. • MOP will prepare a list of Provincial, and DM core competencies and levels of capacity to be acquired in strategic planning by respective staff and officials • The 2011 tranche of the above plan will be incorporated by NCDD-S in the IP3 AWPB for 2011 and, upon its approval by NCDD, resources will be transferred to the MOP Sub-Program 5 Imprest Account. The process will be repeated in the two following years. • During the planning stage, the Sub-Program Management Team in MOP will be established and staffed at both national and provincial level. Two national capacity development experts will be selected, cleared by NCDDS and recruited. A panel with NCDD-S representation will be established to carry out the selection process. • An agreement between the MOP and the MLMUP on master land use plan to design a development and spatial planning integration policy and related tools, will be drafted and finalized after clearance by the NCDD-S.
Delivery	• Pilot strategic development planning exercises will be carried out and evaluated in at least 9 SNA (3Provinces, 3Districts and 3Municipalities) • Pilot investment programming exercises will be carried out and evaluated in at least 9 SNA (3Provinces, 3Districts and 3 Municipalities) • Policy paper on integration of development and spatial planning will be prepared and submitted to NCDD for endorsement • Pilot SDF will be prepared for at least 6 SNA (3 Districts + 3Municipalities) • 25 facilitators of sub-national strategic planning will be trained and certified • Guidelines for sub-national Strategic Planning and Investment Programming will be revised, published and disseminated • Planning Manuals and Planning capacity development materials, related to all revised Guidelines will be developed, tested and published. • Capacity development workshops for provincial administration personnel will be carried out by the national team and consultants of the MOP. • Capacity development of DM and CS staff will be carried out by the provincial administration staff and national experts, with technical backstopping by the national and provincial teams of the MOP
In-progress Evaluation	• Two in-progress evaluations of the sub-national planning system will be commissioned by NCDD-S to an independent consortium of national and international consultants in 2012 and 2013.
Closure	• Based on the above in-progress evaluations, Sub-program 5 may be substantively terminated at the end of 2013 or extended through the second 3-years IP of the NP-SNDD (2014-17).

4.2.   Activities and Schedule

Compnents / Objectives / Deliverables and Activities	Pre-IP3 2010	2011 Q1	Q2	Q3	Q4	2012 Q1	Q2	Q3	Q4	2013 Q1	Q2	Q3	Q4
5.1. Developing the Planning System of SNA													
5.1.1. Develop Planning Guidelines for all types of SNA													
5.1.1.1. Revised Guidelines for provincial Planning										x	x		
5.1.1.2. Revised Guidelines for District (and constitutive C/S) Planning										x	x		
5.1.1.3. Revised Guidelines for Municipalities (and constitutive S) Planning										x	x		
5.1.1.4. Revised Guidelines for C/K/S (metropolitan) Planning										x	x		
5.1.1.5. Revised national regulations on sub-national development planning												x	x
5.1.1.6. Define core competencies for strategic planning capacity in different SNAs.												x	x
5.1.2. Pilot Strategic Planning for SSD, NRM ,LED													
5.1.2.1. Selected (25) national professionals certified as strategic planning facilitators		x	x										
5.1.2.2. SNA officers capable to organize and manage strategic planning processes		x	x	x	x	x	x	x	x	x	x	x	x
5.1.2.3. Tested methodologies and guidelines for SN-level strategic planning		x	x	x	x	x	x						
5.1.3. Pilot SNA Investment Programming systems													
5.1.3.1. SNA Officers capable to use and manage the preparation of SNA Investment programs		x	x	x	x	x	x	x	x	x	x	x	x
5.1.3.2. Tested methodologies and guidelines for SN-level investment programming		x	x	x	x	x	x						
5.1.4. Carry out research on SN-level"Spatial Development Frameworks"													
5.1.4.1. Policy paper on integration of development and spatial planning in Cambodia				x	x								
5.1.4.2. Pilot "spatial development Frameworks"developed for selected DM					x	x	x	x	x	x			
5.1.5. Develop MIS su[pporting SN Planning systems													
5.1.5.1. Revised CDB to serve all SNA and central-level information needs		x	x	x	x								
5.1.5.2. Revised CPDB to serve all SNA and central-level information needs		x	x	x	x								
5.1.5.3. Manual for the MIS components supporting planning					x	x							
5.1.5.4. SNA Officers capable of maintaining CDB and CPDB and generating relevant reports						x	x	x	x	x	x	x	
5.2. Developing SNA Planning Capacity													
5.2.1. Build Capacity for Capital Provincial Planning													
5.2.1.1. Capital and Provincial Planning Manual	x	x											
5.2.1.2. Capital and Provincial Planning Training Manual	x	x	x										
5.2.1.3. Delivery of CD interventions for the capital and provincial staff and officials		x	x	x	x	x	x	x	x	x	x	x	x
5.2.1.4. Capital/Provincial Administration Officers implementing all aspects of planning process			x	x	x	x	x	x	x	x	x	x	x
5.2.2. Build Capacity for D/M/K Planning													
5.2.2.1. DMK Planning Manual	x	x											
5.2.2.2. DMK Planning Training Manual	x	x											
5.2.2.3. DMK Planning Officers managing all aspects of planning process						x	x	x	x	x	x	x	x
5.2.3. Evaluate Planning systems performance at all SNA levels													
5.2.3.1. SN system Planning Evaluation report (2012)									x				
5.2.3.2. SN system Planning Evaluation report (2013)													x

4.3. Resources and Cost

The total cost of Sub-program 5 over the period 2011-13 is estimated at about 1.6 Million US$. The summary budget is reflected in the table below.

Table 5.1: Estimated Cost of Sub-Program 5

Descriptions	Units	Unit Cost (US$)	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
PROGRAM MANAGEMENT STAFFING COSTS										
Program Manager	per/mon	420	12	5,040	12	5,040	12	5,040	36	15,120
Executive Dty Manager	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
Admin Officer	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
Account& Budgeting Officer	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
Operations & CB Officer	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
Policy &Guidelines Officer	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
MIS and ME Officer	per/mon	300	12	3,600	12	3,600	12	3,600	36	10,800
Provincial Prog.Officer	per/mon	115	288	33,120	288	33,120	288	33,120	864	99,360
Sub-total				**59,760**		**59,760**		**59,760**		**179,280**
TECHICAL SERVICES										
International Consultant	m/m	22,000	3	66,000	6	132,000	3	66,000	12	264,000
National expert	m/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (Policy)	m/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
National Adviser (MIS &M&E)	m/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Provincial Prog Adviser	m/m	1,200	-	-	-	-	-	-	-	-
Support Staff	m/m	150	51	7,650	51	7,650	51	7,650	153	22,950
Sub-total				**163,650**		**229,650**		**163,650**		**556,950**
CD ACTIVITIES										
National Training Events (DSA)	pers/day	20	1,600	32,000	1,600	32,000	1,600	32,000	4,800	96,000
National Workshops Cost	pers/day	5	432	2,160	432	2,160	432	2,160	1,296	6,480
Provincial Training Events (DSA)	pers/day	7.50	8,634	64,755	8,634	64,755	8,634	64,755	25,902	194,265
Provincial Workshops Cost	pers/day	3	8,634	25,902	8,634	25,902	8,634	25,902	25,902	77,706
Provincial Trainers cost	m/d	125	372	46,500	372	46,500	372	46,500	1,116	139,500
Sub-total				**171,317**		**171,317**		**171,317**		**513,951**
EQUIPMENT										
Computers (Laptops)	unit	2,000	48	96,000	-	-	-	-	48	96,000
Motorbike	unit	1,500	24	36,000	-	-	-	-	24	36,000
4WD Vehicles	unit	25,000	1	25,000	-	-	-	-	1	25,000
Office furniture	unit	1,000	24	24,000	-	-	-	-	24	24,000
Sub-total				**181,000**		**-**		**-**		**181,000**
OPERATING COSTS										
DAS for National level	per/mon	20	1440	28,800	1440	28,800	1440	28,800	4,320	86,400
fuel and lubricants (mbikes)	unit/mon	25	288	7,200	288	7,200	288	7,200	864	21,600
fuel and lubricants (car)	unit/mon	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Publication and Reproduction	unit	5	5,000	25,000	7,500	37,500	15,000	75,000	27,500	137,500
Consumables	month	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Other miscellaneous	month	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Sub-total				**97,000**		**109,500**		**147,000**		**353,500**
GRAND TOTAL				**672,727**		**570,227**		**541,727**		**1,784,681**

4.4. Financing

The above are the incremental costs of the Sub-program 5, including the "priority operational costs (POC)" that would supplement the remuneration of civil service employees assigned to the SP Management Team. These costs are expected be financed in full by external contributions made either to the "IP3 Basket Fund Account", or to specific "IP3-Supporting Project Accounts", opened at the National Bank of Cambodia in the name of NCDD-S, and from which resources will be transferred to the MOP/SP Management Team.

5. SUB-PROGRAM CONSIDERATIONS

5.1. Assumptions

Key assumptions underlying the design of Sub-Program 5 include:

First, by the end of 2010 or early 2011 the right type of (i.e. "trainable") personnel should be in place within sub-national administration structures, as follows:

- within the "Planning and Investment" Divisions of all Provincial administrations at least one qualified officer in each of the three offices of the Division (i) the Planning Office, (ii) the Local Support Office and (iii) the Investment Office
- within the District Administrations , at least three qualified officers in the "Planning and Communes/Sangkat Support Office", and
- within the Municipal Administrations, at least three qualified officers in the "Planning and Sangkat Support Office"
- At the same time, define a list of core competencies and gradual levels of capacity to be acquired in strategic planning by different SNAs staff and officials.

Second, the issue of DM financing should be resolved, and in particular a DM Fund for general-purpose transfers financing their "general mandate" should be established in 2010, allowing DMs to undertake planning and investment programming exercises within a clearer resources framework.

Third, to the extent that the financing of Sub-Program 5, might be done through specific projects, or in-kind inputs rather than contributions to the NCDDS-managed "IP3 Basket Fund", both NCDD-S and MOP should retain the overall control of the resources transferred to specific project accounts and/or of the quality, timing and modalities of utilization of the in-kind inputs.

5.2. Risks

The most critical risks are related to the above assumptions.

The risk that the right staff will not be in place where and when critically required is perhaps the greatest, and affects all IP3 sub-programs. It is being addressed through the Sub-program 2 under the responsibility of MOI. Reducing, if not completely eliminating this risk, will require that a certain amount of human resources trained under the ongoing PSDD and currently operating outside the SNA, be incorporated to the SN Administration, through either direct recruitment or secondment, and participate in the POC scheme for at least the duration of the IP3. Timing in effecting this transfers is of essence and the ability of DPs to quickly support it through "bridge financing" arrangements, if necessary, will be essential.

The risk that DMSs will not have resources for development spending in 2011, reducing the rationale and scope of the CD effort (although not of the testing of procedures and techniques) envisaged under this Sub-program remains high. It is being addressed by ongoing negotiations between NCDD and the Ministry of Economy and Finance, focused on the immediate set up of a DM Fund.

Risk of fragmentation of IP3 financing also remains high, although it should be substantially diminished by the adoption of a PBA and a related "IP3 basket fund". Yet some project-based or in-kind financing arrangements might still be necessary. This will heighten the risk of uncoordinated and/or imbalanced financing and implementation of the IP3. This risk will be

managed by securing, through the necessary bi-lateral agreements, the maximum feasible level of control by NCDD-S over all resources made available outside the main basket fund.

Further risks for the development and extension of proper sub-national planning and investment programming procedures, are associated with donors' modalities for support to the IP3. The greatest one is that the *formally* unconditional programmability of the resources accruing to SNA through general-purpose transfers (from the CS Fund and, potentially, the DM Fund), be *substantially* compromised by the introduction of positive lists of eligible expenditures, strict implementation guidelines, separate reporting requirements and associated capacity development and manuals, that create a strong bias towards (make a lot "easier") a limited set of investments (essentially of construction type). This risk is being addressed under Sub-Program 4 implemented by the Ministry of Economy and Finance, by making a clearer distinction between "budget financing" and "project financing" mechanisms and the respectively appropriate aid modalities.

5.3. Issues

There are both conceptual and technical issues that will have to be addressed in the implementation of Sub-Program 5.

From the conceptual point of view, the reform of the Cambodian sub-national planning system is strictly dependent on a wider acceptance within the RGC and in the society at large, of the need for meaningful autonomy of the newly created SNA, to realize the potential benefits of decentralization reforms. Such understanding must translate into a planning system that properly distinguishes between area-wide diagnostic and "visioning" exercises that SNA may promote jointly with multiple stakeholders, including first and foremost the de-concentrated agents of the central administration   and their actual corporate strategic planning as autonomous governance and budgeting units. The emphasis on coordination between the sub-national Administrations and the de-concentrated State administration, under the "horizontally integrated administration" policy, is critical, but cannot come at the expenses of the autonomy of SNA in formulating their corporate strategic plans as local development organizations with their own mandate and mission, and allocating their resources accordingly.

Technical issues relate to the fact that, although there are good practices and a growing body of relevant documentation on international experience with local government strategic planning and capital programming, the development of an appropriate system for Cambodian SNA, requires context-specific solutions that cannot be developed and institutionalized without extensive testing and adaptation.

5.4. Constraints

The general constraints under which the Sub-Program 5 will operate are those of:
1). Low absorptive capacity with respect to the adoption of improved planning and investment programming practices in the newly created SNA, whose administrative procedures and practices, particularly at District and Municipal level, need to be built almost entirely from scratch.
2). Lack of experience of MOP with the task of capacity development for autonomous SNA planning (a new task for an organization whose traditional mandate is the preparation and management of the Development Plans and Public Investment Programs (PIP) of the central administration).

6.   SUB-PROGRAM M&E FRAMEWORK

Sub-Program 5 aims to improve the strategic planning, special planning, and investment programming of SNAs. Activities involve developing new systems, process and tools and then piloting them at the sub-national level.

Quarterly reporting arrangements will focus on whether deliverables were produced as expected (on time, on budget, and of the specified quantities and qualities). Information for quarterly reports will be provided by the SP management team, using a computerized planning, budgeting, monitoring and reporting system. The remainder of this section provides the underlying logic and indicators that will be used to assess the sub-program performance. In all cases, indicators will have targets, and during implementation actual (realized) values will be compared with these targets.

Components 5.1 describes the development of new or revised planning tools and instruments while component 5.2 describes the rollout out and capacity development of SNAs in terms of planning. Concerning the monitoring of these activities the key questions are: (i) which tools were developed and when (ii) are the tools effective and are SNAs plans improving?

Milestones:

Milestones are significant activities, selected from the deliverables and objectives under Sub-Program 5 because they are representative of overall progress or because they track progress towards key strategic changes. The proposed milestones are subject to further development and agreement between the Implementer of SP2 (MEF) and IP3 Executing Institution (NCDD-S); they focus on establishing the initial conditions for implementation of the IP3.

1). Sub-National planning guidelines adopted by December 2010
2). CDB reviewed and redesigned to cover DM needs and to include organizational indicators (such as revenue collection data, staffing data, etc).
3). Single planning, budgeting, performance monitoring and expenditure tracking system designed for SNAs incorporating the CPDB and linked to the CDB

The table below summarizes the indicators which will be used to monitor the sub-Program's achievements:

Table 5.2: Results Framework for Sub-Program 5

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
5.1. Developing the Planning Systems of SNAs	Computerized planning tools designed and used. Tools will take an integrated perspective on planning	% of planned SNA outputs/deliverables reported in SNA M&E system which have complete quarterly monitoring data		50%	60%	70%	Complete monitoring data is defined as having data for all quarters which includes: the planned and actual physical quantities for all outputs/deliverables, the planned and actual costs of producing each output/deliverable, and the planned and actual completion dates for producing each output/deliverable. This indicator is also used for Sub-program 1
		% of required CDB indicators which were collected					Calculated as the number of non-zero data entries divided by total number of required entries (number of indicators × number of CSs)
		Number of downloads of the full CDB indicator set			100	100	These indicators assume the data sets are available on the internet and their downloads can be tracked. The downloading of data indicates a demand for the information
		Number of downloads of the full SNA planning dataset			100	100	
5.2. Developing SNA Planning Capacity	SNAs have the capacity to plan and the tools and systems designed for planning are used as expected and are effective	Total number of person days of capacity development provided to SNAs					Disaggregated by recipient of capacity development, type of capacity development and capacity development provider
		Total number of citizens participating in SNA planning activities					Disaggregated by each SNA and comparing Provinces, DMs, and CSs. It is assumed this data will be placed in the revised CDB.
		% of proposed CS projects that could be fully tracked for approval during DIW workshops			100%	100%	Currently CS projects or outputs cannot be fully tracked during the DIW workshop process because Line Ministries and other organizations may implement similar projects but these projects are not linked back to CS proposals since the wording of the project are different.
		% of % of identified Commune priorities (Temporary Agreements) that are implemented	24% (09)	50%	50%	50%	Data from the CPDB. The indicator was used by the PSSD and tracked successfully for the last 3 years.
		Average competency assessment score (*) for planning	N/A	↑	↑	↑	Results from the competency assessments of SNA staff. Disaggregated by DM and areas of competence
		Average compliance inspection score (*)(for planning)	N/A	↑	↑	↑	Results from compliance inspections developed under SP1. Disaggregated by compliance domain (area) and type or classification of DM
		Average management standards assessment score (*)(for planning)	N/A	↑	↑	↑	Results from management standards assessment s developed under SP1. To be disaggregated by domain (area) and DM, and separating capacity from operations

* indicates a higher level results found in the IP3 Results framework (Goals and Purpose)

Sub-Program 6

Development of the Capacity of the Association(s) of Councils

Implementing Agency:
National League of Communes/Sangkats (NLCS)

Components

6.1. Development of an 'Association' of SNA Councils

CONTENTS OF SUB-PROGRAM 6

1. EXECUTIVE SUMMARY

This Sub-Program focuses on developing the *system* and *capacity* of the Councils as autonomous governance bodies responsible for policy and decision-making. In particular, the design (and implementation) of the Sub-Program is guided by the **vision of**:
> *strong, effective and financially viable/sustainable Association(s) representing the interests of their members by advocating on their behalf regarding the development of the SNA system, building their capacity and providing legal and other services to them.*

To this end, the Sub-Program aims at achieving the following **objectives**:
- Establish/expand a new Association(s) for District, Municipal, Khan, Capital and Provincial Councils and   develop the mission, strategy, rules and policies of those associations.
- Develop the internal management capacity and governance structure of the Association(s)
- Develop the capacity of the Associations(s) to provide services to its members.

The **key deliverables** of the sub-Program are:
- Revise/ develop Statute, strategic plan and organizational structure of the Association(s) in accordance with the organizing of associations for the representation of MDK and Capital and Province of
- Develop internal capacity of the Association(s) to manage its affairs and provide coaching/mentoring services to its members.

In principle, **responsibility for implementing the Sub-Program** will be vested with the National League of CS Councils (NLCS) and, when the council associations of other levels, in particular MD level, are established by either integration into NLCS or by establishment of a separate association, the responsibilities for the implementing of the sub-program will be revised accordingly. Since one of the objectives of the sub-program is to help the Association(s) to become independent and self-sufficient, NCCD-S will ensure that the Association(s) of SNA is fully involved in all decisions related to the Association's role in the IP3.

2. SUB-PROGRAM DEFINITION

2.1. Vision

The vision for the sub-program is of:
> *a strong, effective and financially viable/sustainable Association(s) representing the interests of its members by advocating on their behalf regarding the development of the system, building their capacity and providing legal and other services to their members.*

An independent Association of Councils is required to represent the interest of its members in the development of the new systems and in contributing to the formulation of the policy framework. This role is currently played for Commune/Sangkat Councils by the National league of Commune/Sangkat Councils (NLCS).

The sub-program also relates to the development of an Association and the provision of services to the Councils by the Association(s).

2.2. Components and Objectives

Sub-program 2 includes the following components and objectives:

Components	Objectives	Description/Rationale
6.1. Development of an 'Association' of SNA Councils	6.1. Establish/expand a new SNA Council Association(s) for Capital, Province and DMK and develop the mission, strategy, rules and policies for those associations	Currently, the National League of Communes and Sangkats is an independent association representing the interests of Councils and Councillors at that level. The League has a clear focus and mandate and is already established as a strong advocate of the interests of CS Councils. The League has initiated a process to develop its currently limited capacity to provide services to its members. At the moment, DMK Councils are not represented by an Association. The NLCS is considering expanding/ changing its mandate to include these new Councils as part of an enlarged League, either integrated into the NLCS or as a separate branch within the League or established as a separate association for DMK. This possible change to the constitution of the NLCS will be considered in case that there is a consensus on the organizing of association for the representation of DMK councils and councillors. . The NCDD-S will study those options in cooperation with NLCS and relevant councils.
	6.2. Explore ways of securing the financial sustainability of the Association(s)	The limited capacity of the NLCS reflects the limited level and sources of funds which the NLCS can access. This is currently fixed, by Ministry of Finance, at $75 from each Commune and Sanghat, of which $64 goes to the Provincial Associations of the League and $11 to the national level of the League. The NLCS is also supported by a number of external projects, some of which will be incorporated into the IP3. Further, the NLCS has a network of international partners, who provide advice and technical support as required. SN Associations need to a range of alternative funding sources and mechanisms which will ensure the autonomy and independence of the Association(s) and, thereby, both their ability to represent and advocate on behalf of their members and secure their long term sustainability.
	6.3. Build the internal management capacity and governance structure of the Association(s)	Currently, the NLCS consists of provincial level associations and a national league. At the national level, the governance structures include a National Congress (every 5 years), National Council (annual) and Executive Council (bi-annual) meetings. At the provincial level this governance structure is replicated. The management structure consists of small National and Provincial offices. Recently, with project funding,

Components	Objectives	Description/Rationale
		Institution Building Offices (IBOs) have been established in 5 provinces. An enlarged and more capable Association will require support to build up the capacity of its own staff and systems.
	6.4. Build the capacity of the Associations(s) to provide services to members	The Association(s) should both represent the interests of its members to provincial and national authorities and help its members to address specific issues by providing legal and other advisory services, as well as coaching and mentoring. The role of the Association is not to influence the policy-making, strategies and decisions of the Councils, but to ensure that the voice of the elected Councils is heard in the development of the SNA system.

2.3. Deliverables

Sub-program 6 is expected to yield the following Outputs/Deliverables:

Objectives	Deliverables
6.1.1. Establish/expand a new SNA Council Association(s) for Capital, Province and DMK and develop the mission, strategy, rules and policies of those Associations	6.1.1.1. Revised/new statute and strategic plan 6.1.1.2. Revised structure, and personnel and HR plan
6.1.2. Explore ways of securing the financial sustainability of the Association(s)	6.1.2.1. Increased contribution from members
6.1.3. Build the internal management capacity and governance structure of the Association(s)	6.1.3.1. Increased number of staff 6.1.3.2. Improved capacity of staff (via coaching, training, etc) 6.1.3.3. Capacity to take over management of long term mentoring service
6.1.4. Build the capacity of the Associations(s) to provide services to members	6.1.4.1. Represent the voice of SNA Councils in system design 6.1.4.2. Provide legal services to members 6.1.4.3. Provide on-going support services D/M/K And C/S Councils

3. SUB-PROGRAM ORGANIZATION

3.1. Implementing Responsibilities

The implementing unit for Sub-program 6 is a NLCS or newly-formed Association of SNA council. The focus of the sub-program is the functioning and capacity of the Councils at DM level and at C/S levels and the building up of the capacity of the Association(s) to represent and support their members.

Institutional Actor	Responsibility in Sub-program6
Association(s) of Sub-national Councils	• To prepare a detailed plan/roadmap for the development of the Association and, if approved, to carry forward the strategic development plan, rewrite the constitution and policies of an enlarged and expanded Association or newly established association (for MD) • To prepare an internal governance and management (i.e. personnel and HR) capacity development plan for an enlarged Association • To prepare an AWPB for the association with a consolidated set of accounts for the Association(s,) irrespective of funding sources and resources provided in kind clearly identifying expenditure to be covered from IP3/NCCD-S • To work with NCCD-S to execute the component on Council mentoring, with a view to taking responsibility for on-going support to Councils, once the Association has finalized its strategy and developed its capacity. To work with the capacity development unit in the Policy Division of the NCDD-S to ensure that the Associations members have a voice in the CD program.
NCDD-S	• To develop and promote, with the new/expanded Association the overall policy and vision for the functioning and operating of SNAs as autonomous decision-making bodies • To develop and administer the implementation of an agreement of NCDD with the Association(s) assigning to the Association responsibility for the development and capacity building of an independent Association(s). • To work with the Association(s) to enable them to have a voice in the design and management of the start-up of coaching and mentoring services to sub-national Councils. • Based on NCDD-approved AWPB, to make advances, replenishments, transfers and payments, into (i) the Association imprest account; and (ii) the accounts of suppliers of goods, services and works, as appropriate (direct payments) • To issue "No Objections" to the TORs of National and International Advisers and Consulting firms and participate in the panels for their selection and recruitment by the Association • To oversee all aspects of the implementation of the NCDD agreement with the Association, monitor the progress of Sub-Program 6 against the NCDD-approved AWPB and approve all transfers of IP3 resources to the Association and other institutions involved in the implementation of Sub-Program 6.
International and Regional Local Government Associations	• To provide technical support and assistance in the development of strategy and capacity building of the Association.

3.2. Implementation Arrangements

3.2.1. Sub-Program Management

A). Preparation and start-up

The sub-program will be the responsibility of NLCS and, when the council associations of other administration levels, in particular MD level, are established by either integration into NLCS or by establishment of a separate association, the responsibilities for the implementing of the sub-program will be revised accordingly.

B). Implementation

The policy options on expanding the NLCS or establishing a separate association for DM council will be supported by existing technical assistance, provided under the Demand for Good Governance (DfGG) program which runs until December 2011 and which will form part of the IP3. A detailed program for developing capacity within an expanded League is under preparation.

C). Staffing

The Association will assign a Sub-program Manager and Deputy Manager responsible for the management of the Sub-program. Under the guidance of the Sub-program Manager, assisted by a resident International Adviser, the day-to-day implementation of Sub-program 6 will be directed by the Deputy Program Manager.

The Sub-program Deputy Manager will be assisted by:

a). an Administrative unit, consisting of Administrative Officer, a Finance Officer and an MIS/M&E Officer, responsible for resources, planning and reporting; and

b). a Program unit consisting of one Program Officer, supported by two Advisers (one international and one national)

Position	Number	Status
Sub-program Manager	1	Association staff
Sub-program Deputy Manager	1	Association staff
Administrative Officer	1	Association staff
Accounts and budgeting Officer	1	Association staff
MIS/M&E Officer	1	Association staff
Program HR officer	1	Association staff
Policy Adviser	1	International (contract with Association)
Capacity Development Advisor	1	National (contract with Association)
Consultants (short term)	....	International and national (contract with Association)

The structure of an expanded/new Association is yet to be determined:
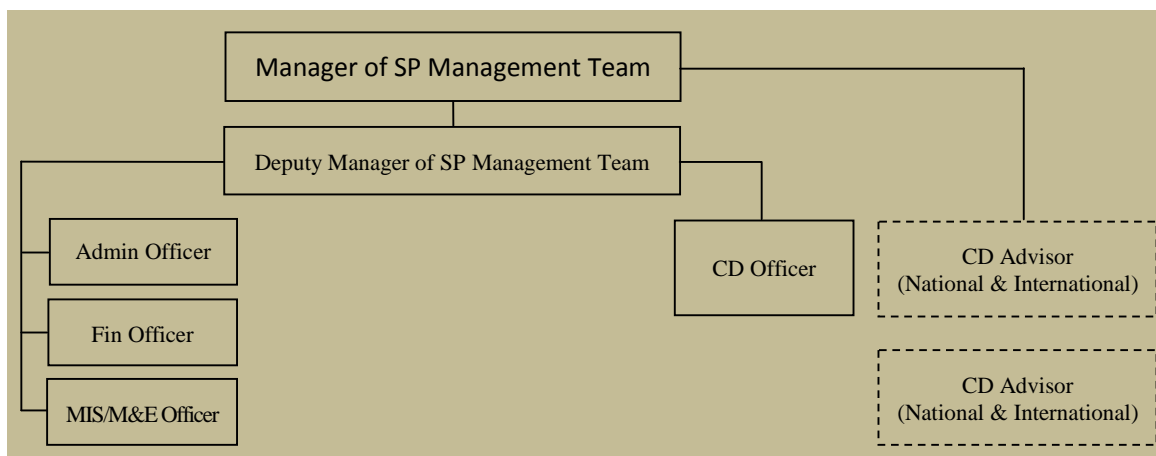
D). Contractual and Funds Flow Arrangements

The diagram below describes the relations between the IP3 executing agency (NCDD-S) and the Sub-program implementing institution – Local Government Association(s) - in respect of the execution of the Sub-program:

1). An **Implementation Agreement** shall be signed by NCDD and the Association(s) detailing the roles and obligations of the two parties and the Sub-program implementation modalities;

2). The Association shall access and manage the resources needed for the implementation of the Sub-program via the establishment of a Sub-program **Imprest Account (SPIA)**, in accordance with the rules and the purposes detailed in the Implementation Agreement;

3). The Imprest Account shall be regularly replenished, based on reporting against the work plan and proper documentation of transactions settled through the account.

4. SUB-PROGRAM IMPLEMENTATION PLAN

4.1. Activities and Schedule

The activities to be undertaken under Sub-program 6:

Component Objective Deliverables and Activities	Responsibilities	2011 Quarter				2012 Quarter				213 Quarter			
		1	2	3	4	1	2	3	4	1	2	3	4
6.1. Development of an 'Association' of SNA Councils													
6.1.1. Establish/expand a new SNA Council Association(s) for Capital, Province and DMK and develop the mission, strategy, rules and policies of those Associations													
6.1.1.1. Revised/new statute and strategic plan	Association	x	x										
6.1.1.2. Revised structure, and personnel and HR plan	Association			x	x	x							
6.1.2. Explore ways of securing the financial sustainability of the Association(s)													
6.1.2.1. Increased contribution from members	Association	x	x	x	x								
6.1.3. Build the internal management capacity and governance structure of the Association(s)													
6.1.3.1. Increased number of staff	Association	x	x										
6.1.3.2. Improved capacity of staff (via coaching, training, etc)	Association			x	x								
6.1.3.3. Capacity to take over management of long term mentoring service	Association					x	x	x	x	x	x	x	x

Component Objective Deliverables and Activities	Responsibilities	2011 Quarter				2012 Quarter				213 Quarter			
		1	2	3	4	1	2	3	4	1	2	3	4
6.1.4. Build the capacity of the Associations(s) to provide services to members													
6.1.4.1. Represent the voice of SNA Councils in system design	Association			x	x	x	x	x	x	x	x	x	x
6.1.4.2. Provide legal services to members	Association			x	x	x	x	x	x	x	x	x	x
6.1.4.3. Provide on-going support services D/M/K And C/S Councils	Association			x	x	x	x	x	x	x	x	x	x

4.2.   Resources and Costs

The cost of sub-program 6 is USD 1.6 million, over 3 years (Table 6.1).

Table 6.1: Cost of program to support development of a national Association(s)

Descriptions	Unit	Unit cost USD	2011		2012		2013		Total	
			Qty	Cost	Qty	Cost	Qty	Cost	Qty	Cost
Personnel of Association										
Programme manager	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Exec Deputy Manager	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Admin officer	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Accounts and budgeting officer	p/m	250	12	3,000	12	3,000	12	3,000	36	9,000
Programme (legal) officer	p/m	250	12	3,000	12	3,000	12	3,000	36	9,000
Policy Adviser (International)	p/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Policy Adviser (National)	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Sub-total Personnel				**299,400**		**299,400**		**299,400**		**898,200**
Sub-Contracts (Consultants)										
Consultants (International)	p/m	22,000	3	66,000	6	132,000	6	132,000	15	330,000
Consultants (National)	p/m	2,500	3	7,500	6	15,000	6	15,000	15	37,500
Sub-total (Consultants)				**73,500**		**147,000**		**147,000**		**367,500**
Equipment and transport										
Office equipment	set	2,000	7	14,000		-		-	7	14,000
Office furniture	set	5,000	7	35,000		-		-	7	35,000
Vehicles	veh	25,000	1	25,000		-		-	1	25,000
Sub-total (Equipment /vehicles)				**74,000**		**-**		**-**		**74,000**
Operating costs										
Fuel and maintenance (Cars)	veh/m	1,000	12	12,000	12	12,000	12	12,000	36	36,000
Office consumables	set/m	1,000	84	84,000	84	84,000	84	84,000	252	252,000
Publications	year	5	2000	10,000	2000	10,000	2000	10,000	6000	30,000
Miscellaneous	year	1,000	1	1,000	1	1,000	1	1,000	3	3,000
Sub-total (Operating costs)				**107,000**		**107,000**		**107,000**		**321,000**
Total				**553,900**		**553,400**		**553,400**		**1,660,700**

The total cost of the current program of the NLCS will continue in 2011 and beyond. These costs are currently met by membership fees, fixed by MEF, and from a range of other sources. The costs of some of the core activities, excluding the costs of a number of clearly defined NLCS activities or 'projects', such as the provincial Institutional Building offices, have been estimated (Table 6.2). A complete set of accounts, including the estimate cost of 'support in kind', for all activities of the NLCS should be prepared prior to the finalization of the sub-program between NCCD and the NLCS.

Table 6.2 Estimated costs of core NLCS activities

Descriptions	Unit	Unit cost USD	2011 Qty	2011 Cost	2012 Qty	2012 Cost	2013 Qty	2013 Cost	Total Qty	Total Cost
Staffing										
Secretary General VNG	p/m	1400	12	16,800	12	16,800	12	16,800	36	50,400
Programme officer VNG	p/m	900	12	10,800	12	10,800	12	10,800	36	32,400
Programme Asst VNG	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Finance officer UNDP x 90%	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Finance Asst VNG	p/m	250	12	3,000	12	3,000	12	3,000	36	9,000
Comms officer (UNDP x 90%)	p/m	700	12	8,400	12	8,400	12	8,400	36	25,200
Admin Asst (UNDP x 90%)	p/m	250	12	3,000	12	3,000	12	3,000	36	9,000
Drivers/cleaners (UNDP x 90%)	p/m	150	12	1,800	12	1,800	12	1,800	36	5,400
Sub-total				**59,400**		**59,400**		**59,400**		**178,200**
Additional staffing (to be funded by DLGG/VNG?)										
M&E staff	p/m	650	12	7,800	12	7,800	12	7,800	36	23,400
Advocacy officer	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
CD officer	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Fund raising officer (VNG funded)	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Sub-total				**97,800**		**97,800**		**97,800**		**293,400**
Policy Advisers										
Policy Adviser (International)	p/m	20,000	12	240,000	12	240,000	12	240,000	36	720,000
Policy Adviser (National)	p/m	2,500	12	30,000	12	30,000	12	30,000	36	90,000
Sub-total				**270,000**		**270,000**		**270,000**		**810,000**
NLCS development (planned and funded by DLGG- 2011)										
Provincial associations (IBOs x 5) capacity study										
Consultants (International)	p/m	22,000	2	44,000					2	44,000
Consultants (National)	p/m	2,500	2	5,000					2	5,000
NLCS operating procedures										
Consultants (International)	p/m	22,000	1	22,000					1	22,000
Consultants (National)	p/m	2,500	1	2,500					1	2,500
Sub-total				**73,500**						**73,500**
Operating costs (funded by DLGG- 2011)										
National										
Office and running costs	year	300,000	1	300,000	1	300,000	1	300,000	3	900,000
Vehicles (UNDP pool)	month	1,000	24	24,000	24	24,000	24	24,000	72	72,000
Province										
Office consumerables	month	1,000	120	120,000	120	120,000	120	120,000	360	360,000
Other costs (out of fee income)	year	200	120	24,000	120	24,000	120	24,000	360	72,000
Sub-total				**144,000**		**144,000**		**144,000**	**720**	**432,000**
Total (estimated)				**644,700**		**571,200**		**571,200**		**1,787,100**

4.3. Financing

The figures reflected in the Table 6.1 relate to the *incremental costs* of Sub-program 6.

It is expected that the incremental costs of the Sub-Program will be financed in full by external contributions to NCDD-S, in its capacity as national executing agency of the IP3. Some of the above costs could be met through 'in-kind' contribution and direct payments by the Development Partners (PDs) via directly executed projects, hence the need for a consolidated set of accounts covering all activities.

5.   SUB-PROGRAM CONSIDERATIONS

5.1.   Assumptions and Risks

The key assumptions and associated risks underlying the implementation of Sub-Program 6 are as follows:

Assumptions	Risks	Implications/*Mitigation*
Management Assumptions		
An expanded/new Association is formed to represent the interests of DMK Councils	Medium -Low	The existence of an independent Association is important to both represent the views of members and to manage a program of support to councils. A decision as to whether to expand to include DMK Councils will be made in early 2011 *If this does not happen, consideration will need to be given to forming an association of DMK Councils.*

6.   SUB-PROGRAM M&E FRAMEWORK

Sub-Program 6 aims to build a strong, effective and financially viable (sustainable) Association. These Associations are intended to represent the interests of its members by advocating on their behalf regarding the development of the system, in some cases building their capacity, and providing legal and other services.

Quarterly reporting arrangements will focus on whether Sub-program deliverables were produced as expected (on time, on budget, and of the specified quantities and qualities). Information for quarterly reports will be provided by the SP management team, using its monitoring and reporting systems. The underlying logic and indicators that will be used to assess the performance of this sub-program is set out below (Table 6.3). In all cases, indicators will have targets, and during implementation actual (realized) achievements will be compared with these targets.

Table 6.3: Results Framework for Sub-Program 6

Component	Results	Indicators	Baseline	Target 2011	Target 2012	Target 2013	Data Source, Note., Disaggregation (all data is annual)
Development of an 'Association' of SNA Councils	Association is operational, sustainable and providing quality services to its members	1). Staffing vacancy rate		25%	0%	0%	Measures whether desired staff are in place, according to the strategic plan and organizational structure and list of established posts
		2). % of operating costs covered by DMK contributions and payment for services	0%				This aims to measure the sustainability of the association by looking at the revenues it collects from its clients. This is assumed to be in the form of membership dues and payment for services.
		3). Percentage of DMKs provided direct services through contracts signed between DMKs and the Association	0%				This looks at the coverage of services, where direct services are assumed to be arranged through contracts (the Association's lobbying efforts are considered "indirect" services and to be paid for through contributions
		4). % of DMKs satisfied with the Associations operations and services	N/A	70%	80%	90%	As part of the strategic planning process it is assumed some form of service delivery survey is implemented