



**KINGDOM OF CAMBODIA**  
**NATION RELIGION KING**



**ROYAL GOVERNMENT OF CAMBODIA**



**National Program for  
Sub-National Democratic Development  
(NP-SNDD)  
2010-2019**

**28<sup>th</sup> May 2010**



Royal Government of Cambodia  
No. 11 SLKh

**KINGDOM OF CAMBODIA**  
Nation Religion King



**MESSAGE OF  
SAMDECH AKKA MOHA SENA PADEI TECHO HUN SEN  
PRIME MINISTER OF THE KINGDOM OF CAMBODIA**

The Royal Government's policies and strategies over the past ten years have led to major social and economic improvements in Cambodia, fostering the culture of unity, peace and security that we enjoy today. The political stability and economic liberalization that have now taken firm root in Cambodia create the conditions for maintaining macroeconomic stability and attracting investment, and these are crucial for sustainable development and poverty alleviation. Despite these successes, we need to do more to ensure that this economic growth benefits all of our people, especially the poor and disadvantaged.

As in most fast-developing countries, economic growth has not benefited people and regions equally. While national development continues to yield national benefits, local development has been uneven, and regional and personal inequalities persist. In Cambodia, it is also difficult for us to directly deliver local development and the required range of public services across the country from the Capital. Therefore, we must fundamentally change our approaches in delivering local development and public services.

One of our key approaches in tackling local development, inequality and poverty is the policy of Democratic Development set out in the Strategic Framework for Decentralization and Deconcentration Reforms adopted by the RGC in June 2005. We have since enacted the Organic Law and established democratically-elected sub-national councils.

The Royal Government has chosen this path in order to achieve broad-based and sustainable development and to strengthen vital local economic foundations. The RGC wants every citizen to participate in local development and improve the management and delivery of quality public services to meet locally-established priority needs and to ultimately reduce poverty. We look to the sub-national councils and their unified administrations to deliver on these goals. To this end we will gradually assign appropriate functions to the councils, together with the necessary financial, human and other resources to do the job; all the while helping them to develop their capacity to deliver quality services to their citizens.

At the same time, the Royal Government has embarked on a number of other major governance reforms, including the Public Financial Management Reforms and the Public Administration Reforms, and we must ensure that all of these reforms are implemented in a harmonized and coordinated fashion so that we ensure maximum value-added benefit for all citizens. I am very glad to see mechanisms in place in this Programme to ensure that outcome.

The National Committee for Sub-National Democratic Development (NCDD) was established to assist the Royal Government to implement the terms of the Organic Law and to formulate, oversee and coordinate implementation of a national D&D programme. The NCDD is now fully operational, and is working with all levels of government, including central and line ministries and councils at sub-national administration levels to achieve the common objective of establishing, promoting and sustaining democratic development.

This NP-SNDD has been formulated with full participation from central ministries, agencies and sub-national administrations, development partners, civil society organizations and other concerned stakeholders, and approved by the Minister's Council at its full meeting on *28<sup>th</sup> May 2010*. The Ministry of Economy and Finance, the Ministry of Planning, the SSCS, the Ministry of Interior and other ministries and agencies, as NCDD member, must take the lead across a range of strategic, policy and legal issues relating to finance, administration, human resources and planning. They must work closely together in order to ensure effective and efficient implementation. The sector ministries must carefully examine their roles, responsibilities and functions in terms of what is currently in existence; and in terms of how these roles, responsibilities and functions will change under the D&D reforms. The Royal Government expects each ministry to familiarize itself with the D&D policy and the Organic Law, and to take responsibility for implementing the policy and the law. The NP-SNDD is the vehicle which will provide technical and financial assistance to the implementation of the above policy and law.

Sub-national administrations must familiarize themselves with the D&D policy and the Organic Law. They too must consider their new roles and responsibilities in order to implement the NP-SNDD. They must consult with, and involve local stakeholders, including the private sector and civil society, in developing their visions and their strategic plans. At the same time, they must prepare themselves to take on the responsibilities and functions envisaged, and to carry out these functions and deliver these services effectively and efficiently. The manner in which they do this will greatly affect the achievement of democratic development and the extent to which they can deliver quality services in response to local needs and demands across the country. Again, through the NP-SNDD, the Royal Government will provide support, advice and assistance to the SNAs as they plan and implement this work.

From our own experience as well as lessons learned in other countries, we know that the NP-SNDD will be a very complex programme of change and will be difficult to implement. Therefore, we must have long term joint political commitments and regularly review its implementation progress, and articulate revised ongoing programmes that address these challenges and are based on lessons learned from the ongoing implementation experience.

The D&D reforms provide us an opportunity to establish a new sub-national government system that embodies the main tenets of good governance, including accountability, adherence to the rule of law, transparency, participation, equity, inclusiveness, responsiveness, efficiency and effectiveness.

This NP-SNDD is the Royal Government's priority. I, therefore, expect each ministry to take the lead in its area of responsibility, and to contribute constructively to the government's aim of bringing service delivery closer to the people who need and receive those services; and I expect each tier of sub-national administrations to engage with the people in the design and delivery of all government programmes under their jurisdiction successfully.

The NP-SNDD provides us with great opportunities to achieve more equitable growth; to promote and achieve sustainable local development, and to contribute directly to poverty

reduction over the next decade. These are noble and worthwhile aspirations with the potential to improve the lives of all of our citizens.

On behalf of the RGC, I would like to deeply thank the development partners who have been participating with the RGC in providing both financial and technical assistance for the implementation of this NP. Furthermore, I would like to ask the Royal Government's ministries, agencies, sub-national administrations, development partners and all other stakeholders to provide your wholehearted support and jointly implement the NP-SNDD for greatest success as expected.

Phnom Penh, *22<sup>nd</sup> June 2010*

**Samdech Akka Moha Sena Padei Techo HUN SEN**

## Table of Contents

Message of Samdech Akka Moha Sena Padei Techo HUN SEN Prime Minister of the Kingdom of Cambodia .....	i
Table of Contents .....	iv
List of Acronyms .....	vii
Preface .....	ix

### CHAPTER 1 INTRODUCTION

1.1. BACKGROUND .....	1
1.1.1. Cambodia's Economy and Territorial Administrative Structure .....	1
1.1.2. Rationale and Challenges Leading to Continuing Reform .....	2
1.2. POLICY AND STRATEGY FRAMEWORK OF THE DECENTRALIZATION AND DECONCENTRATION REFORM IN CAMBODIA .....	3
1.3. REFORM ACHIEVEMENTS TO DATE .....	5
1.4. THE CHANGE ENVIRONMENT .....	6
1.5. METHODOLOGICAL APPROACH .....	8
1.5.1. Guiding Principles .....	8
1.5.2. Logical Framework – Key Concepts .....	9
1.6. STRUCTURE AND FLOW OF THE DOCUMENTS .....	9

### CHAPTER 2 STRATEGIC FRAMEWORK FOR SUB-NATIONAL DEMOCRATIC DEVELOPMENT

2.1. RGC VISION FOR SUB-NATIONAL DEMOCRATIC DEVELOPMENT .....	11
2.2. RGC POLICY COMMITMENTS .....	12
2.3. NP- IMPLEMENTATION FRAMEWORK .....	13
2.3.1. Goal and Objectives .....	13
2.3.2. Scope of NP-SNDD Implementation Framework .....	14
2.4. NP-SNDD RATIONALE .....	17
2.5. NP-SNDD CAPACITY DEVELOPMENT .....	18
2.6. LOCAL ECONOMIC DEVELOPMENT .....	18
2.7. NP-SNDD PLATFORM PERIOD AND EXPECTED RESULTS .....	19
2.8. COORDINATION WITH SECTOR, PUBLIC ADMINISTRATIVE AND FINANCIAL REFORMS .....	21
2.9. NP-SNDD MASTER LOGICAL FRAMEWORK .....	21

### CHAPTER 3 PROGRAM AREAS

3.1. PROGRAM AREA 1: SNA ORGANIZATION DEVELOPMENT .....	28
3.1.1. Rationale .....	28
3.1.2. Program Area Objective .....	29
3.1.3. Priorities .....	29
3.1.4. Logical Framework .....	31
3.2. PROGRAM AREA 2: HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT SYSTEMS .....	35
3.2.1. Rationale .....	35
3.2.2. Program Area Objective .....	35
3.2.3. Priorities .....	35
3.2.4. Logical Framework .....	35

3.3. PROGRAM AREA 3: TRANSFER OF FUNCTIONS .....	38
3.3.1. Rationale .....	38
3.3.2. Program Area Objective .....	40
3.3.3. Priorities.....	40
3.3.4. Logical Framework.....	41
3.4. PROGRAM AREA 4: SUB-NATIONAL BUDGET, FINANCIAL AND PROPERTY MANAGEMENT SYSTEMS .....	46
3.4.1. Rationale .....	46
3.4.2. Program Area Objective .....	47
3.4.3. Priorities.....	47
3.4.4. Logical Framework.....	49
3.5. PROGRAM AREA 5: SUPPORT INSTITUTIONS FOR D&D REFORM .....	55
3.5.1. Rationale .....	55
3.5.2. Program Area Objective .....	57
3.5.3. Priorities .....	57
3.5.4. Logical Framework.....	58

**CHAPTER 4  
NP-SNDD MANAGEMENT**

4.1. NP-SNDD MANAGEMENT ARRANGEMENT .....	62
4.1.1. D&D Policy Direction .....	62
4.1.2. NP-SNDD Coordination.....	63
4.1.3. NP-SNDD Coordination with Development Partners .....	64
4.1.4. NP-SNDD Program Management Structure.....	64
4.1.5. NP-SNDD Information, Monitoring and Reporting Requirements .....	65
4.1.6. NP-SNDD Audit.....	65
4.2. MONITORING AND EVALUATION .....	66
4.2.1. M&E Framework Links to Program Areas and D&D Objectives .....	66
4.2.2. Management Arrangements for Monitoring and Evaluation (M&E) .....	66
4.2.3. Proposals for M&E for Monitoring National and Sub-National Levels .....	67
4.2.4. Donor Alignment with NP M&E Framework .....	68
4.3. RISKS AND RISK REDUCING STRATEGIES FOR NP-SNDD .....	68

**CHAPTER 5  
NP-SNDD FINANCE AND BUDGET**

5.1. FINANCING NP – SNDD.....	71
5.1.1. Key imperatives: NP-SNDD Funding is Program Based and On-Budget.....	71
5.1.2. DP Funding Flows and Funding Mechanisms .....	71
5.1.3. Financing and Linkages with SNAs .....	74
5.1.4. Memorandum of Understanding between RGC and DPs .....	75
5.2. TRANSITION STRATEGIES .....	75
5.2.1. Alignment and Harmonization of the three Reforms (D&D, PFM and PA Reforms).....	75
5.2.2. Alignment and Harmonization of Existing Programs and Projects .....	76
5.3. NP-SNDD INDICATIVE 3-YEAR PROGRAM .....	77
5.3.1. Implementation Approaches .....	78
5.3.2. 3-Year Indicative Program .....	78
5.4. INDICATIVE NP-SNDD COSTING .....	79
5.4.1. Scope .....	79
5.4.2. Resource Allocation Guidance .....	79
5.4.3. NP-SNDD Budget .....	80

## Tables

Table 2.1: Platform periods and Results .....	20
Table 2.2: NP-SNDD Master Logical Framework .....	22
Table 3.1: Logical Framework of Program Area 1 .....	32
Table 3.2: Logical Framework of Program Area 2 .....	36
Table 3.3: Logical Framework of Program Area 3 .....	42
Table 3.4: Logical Framework of Program Area 4 .....	50
Table 3.5: Logical Framework of Program Area 5 .....	59
Table 4.1: Risks and Risk Reducing Strategies .....	68
Table 5.1.a: Illustration of Evolution of Donor Support Over the NP Platforms .....	73
Table 5.1.b: Potential Funding Flow Options by Expenditure Category .....	74
Table 5.1.c: Expenditure Categories by NP Program Areas .....	75
Table 5.2: On-Going D&D Programs and Projects .....	76

## Annexes

Annex 1: Summary Outcomes from the Five Dialogues .....	81
Annex 2: Gender Mainstreaming for Sub-National Administrations .....	85
Annex 3: Accountability of Sub-National Administrations .....	91

**Note:** Exchange Rate 4,150 Riels per 1 USD.

## LIST OF ACRONYMS

AWPB	Annual Work Plan and Budget
BoG	Boards of Governors
C/S	Communes/Sangkats
CAR	Council for Administrative Reform
CEDAW	Committee on the Elimination of Discrimination against Women
CMDG	Cambodian Millennium Development Goals
CoA	Chart of Accounts
COM	Council of Ministers
CSO	Civil Society Organizations
D&D	Decentralization and Deconcentration
DoLA	Department of Local Administration
DP	Development Partner
DPAF	Development Partners Assistance Framework
FMIS	Financial Management Information System
GDLA	General Department of Local Administration
GDP	Gross Domestic Product
GMAG	Gender Mainstreaming Action Group
GMAP	Gender Mainstreaming Action Plan
HR	Human Resources
HRD	Human Resource Development
HRM	Human Resource Management
ITC	Information Technology and Communication
JPA	Joint Partnership Arrangement
LFD	Local Finance Department
LM	Line Ministries
LO	Line Offices
LPFS	Law on the Public Finance System
MAFF	Ministry of Agriculture Forestry and Fisheries
MBPI	Merit-Based Pay Initiatives
MDGs	Millennium Development Goals
MEF	Ministry of Economy and Finance
M&E	Monitoring and Evaluation
MIME	Ministry of Industry Mines and Energy
MLF	Master Log Frame
MLMUPC	Ministry of Land Management Urban Planning and Construction
MOE	Ministry of Environment
MOEYS	Ministry of Education Youth and Sport
MOH	Ministry of Health
MOI	Ministry of Interior
MOLT	Ministry of Labor and Vocational Training
MOSVY	Ministry of Social Affairs, Veterans and Youth Rehabilitation
MOUs	Memorandum of Understandings
MOWA	Ministry of Women's Affairs
MOWRAM	Ministry of Water Resources and Meteorology
MRD	Ministry of Rural Development
MTEF	Medium-Term Expenditure Framework
MTEP	Medium-term Expenditure Plan
MTPW	Ministry of Transport and Public Works
NAA	National Audit Authority



NCDD	National Committee for Democratic Development
NGOs	Non Governmental Organizations
NLC/S	National League of Communes and Sangkats
NPAR	National Program of Administrative Reform
NP-SNDD	National Program for Sub-National Democratic Development
NSDP	National Strategic Development Plan
OD	Organization Development
ODA	Official Development Assistance
PA	Program Area
PAC/S	Provincial Associations of Communes and Sangkats
PALF	Program Area Log Frames
PARP	Public Administration Reform Program
PC	Procurement Committee
PFM	Public Financial Management
PFMRP	Public Financial Management Reform Program
PIU	Project Implementation Unit
PMG	Priority Mission Groups
PRDC	Provincial Rural Development Committee
PSDD	Program Support for Democratic Development through Decentralization and Deconcentration
PWG	Planning Working Group
RGC	Royal Government of Cambodia
SCS	Secretariat of Civil Service
SNAs	Sub-National Administrations
SOA	Special Operating Agencies
SOP	Standard Operating Procedures
SSCS	State Secretariat of Civil Service
SWAPs	Sector Wide Approaches
TA	Technical Assistance
TFC	Technical Facilitation Committee
TORs	Terms of Reference
TWG	Technical Working Group
WCCC	Women and Children Consultative Committee
WG	Working Group

# PREFACE

## Introduction

The National Program for Sub-National Democratic Development (NP-SNDD) is the RGC's agenda for the next 10 years in the comprehensive and in-depth governance reform process of the sub-national administrations, which will also impact on other national institutions. The formulation of NP-SNDD reflects and confirms the RGC's political commitment to the vision, policies and strategies outlined in the D&D Strategic Framework and the government's commitment to implementing the Organic Laws on Capital, Province, Municipality, District and Commune/Sangkat administrations.

The NP-SNDD has been formulated while the RGC is strengthening the roles and responsibilities of institutions at all levels towards achieving good governance, development and poverty reduction. To achieve these goals, great efforts by all national and sub-national levels are required, as well as effective cooperation between them. In this reform process, there is a need for equal opportunity for all citizens to participate in local development and to demand better and more comprehensive public services to meet citizen's needs, leading to poverty reduction and focusing on the most vulnerable groups, particularly the indigenous peoples, women and children.

In this respect, the RGC's goals for sub-national democratic development are to:

- Create a culture of local participatory democracy, accountable to the citizens;
- Improve public services and infrastructures;
- Bring about social and economic development;
- Contribute to poverty reduction.

## Programme Areas

This document describes the goals, objectives and scope of the NP-SNDD implementation framework by platform (or phase) and sets out the activities planned under each programme area designed to achieve sub-national democratic development.

It outlines five programme areas as following:

### 1. Sub-national Institutional Development

The directly and indirectly elected councils at all sub-national administrative levels are the primary means for program implementation. The establishments of those councils are not only for dialogue / forum purposes, and the D&D Framework and the Organic Laws expect those councils to achieve concrete results in improving the quality of local people's lives, starting with the poorest of the poor and the vulnerable groups. The SNDD principles require that the elected councils at all sub-national levels represent their own communities, and are responsive and accountable to their local communities for their performance in carrying out their functions. To achieve this mission, sub-national councils shall receive the necessary authority and resources, including human, financial and physical resources, together with legal competency in order to make decisions serving the local communities' interests.

- Therefore, the creation of sub-national councils significantly modify the lines of accountability for the existing sub-national administrations. The Organic Laws intended for sub-national councils to grow as a strong local foundation and to have autonomy, but no sovereignty.

Responding to these changed requirements, sub-national councils shall have clear administrative structures, systems, and procedures in order to become strong local governance institutions, contributing towards poverty reduction and sustainable development across the country.

## **2. The Development of Strong Human Resource Management Systems**

The elected sub-national councils are composed of members from different political parties, and those council members would not have adequate skills and professions to perform all tasks. Furthermore, when more functions and resources are transferred to sub-national levels, the elected council members could not undertake all tasks and manage all resources by themselves. Therefore, the councils shall have qualified, competent and experienced staff to undertake functions on behalf of the councils and to implement the council's decisions. The D&D Strategic Framework and Organic Laws require that the councils have their own permanent personnel to fulfill the council's tasks, who in turn shall be accountability to the respective council. The Organic Law calls for the establishment of a personnel framework at sub-national administrations through the development of separate statute for civil servants at sub-national level under the Law on Civil Servant' Statute of the Kingdom of Cambodia. The development of this personnel framework is a process linked with the transfer of functions and resources. This process of transferring personnel to the sub-national councils is complex and must be implemented with care.

The NP-SNDD document has called for steps, phases and key activities in transferring personnel, adequately developing human resource management and development systems which ensure that there is no increase in the overall number of the staff in the country that could impact on the government's payroll costs.

## **3. The Transfer of Functions and Resources**

The provision of public services, materials/means and basic infrastructures is a crucial component in the sub-national democratic development. Councils of all sub-national administrative levels shall assigned functions, together with adequate resources, in order for them to be able to provide public services, necessary materials and basic infrastructures to their local communities. The transfer of functions and resources shall carried out in a transparent, coordinated and consultative manner according to plans, phases and appropriate rationales; and with minimum disruption of RGC and DP's on-going operations.

Effective provision of the public services is closely linked with the transfer of authority, bringing the handling of key basic public services closer to the people. At the same time, the effective provision of public services requires that elected councils, and appointed public officials who would undertake the functions have appropriate skills, competency and commitment. Effective provision of public services shall also ensure that local citizens have the right to participate in the process of making the decisions concerning the services which impact on their daily livelihoods; have the right to monitor and evaluate the performance of the elected councils and appointed officials; and, be able to assess the quality of the provided services.

Therefore, the transfer of responsibilities for providing key and basic public services to sub-national administrations; people's participation in public administrations; local council's capacity in the decision-making process to respond to the local needs focusing on poverty reduction, is core to the process of the sub-national democratic development.

#### **4. Sub-National Budget, Financial and Property Systems**

The D&D Strategic Framework and Organic Laws demanded that councils at each sub-national administrative level have adequate financial and property resources in order to be able to carry out their functions and responsibilities for responding to local citizen's needs. For the councils to manage the transferred finance and properties with the highest transparency and integrity as well as a high level of accountability to the people and to the Royal Government, the Organic Law provided for the development of the Law on Financial Regime and Property Management at sub-national level, which ensures that the council will formulate, approve and implement its budget, with proper financial accounting, management of property and with internal and external audits on the council's budget and finance in accordance with rules, systems and procedures. This fourth program area also describes the council's needs in terms of the development of the 5-year development plan and 3-year rolling investment program which define their council's visions for own territory's development.

Activities of the fourth program area defined in each of the platforms supports the council's decision-making authority on their own plans, finance, budget and property in the response to their respective local needs in accordance with the principles of local autonomy determined in the Organic Laws.

#### **5. Support Institutions for D&D Reform Process**

The sub-national administration reform process under the principles of democratic development through D&D will impact institutions at both national and sub-national levels. Therefore to ensure smooth operation of this reform, a strong mechanism is required to coordinate institutions at both national and sub-national levels, for the NP-SNDD implementation.

The coordination among institutions at national level is carried out in the process of reviewing functions, resources and responsibilities of the national ministries and agencies for the transfer to appropriate sub-national council(s) of basic key functions and resources directly impacting on the daily livelihoods of the local communities. In this process, existing roles and responsibilities of national ministries and agencies which cover policy and strategy development, as well as all sectoral program implementation, will be changed to development of policy, strategy and national standards on the transferred functions.

To coordinate this complex and in-depth reform, the Organic Law called for the establishment of a permanent inter-ministerial mechanism to be the arm of the RGC for the implementation of the Organic Law, namely the National Committee for Sub-National Democratic Development, abbreviated as NCDD.

The NP-SNDD has determined the roles and responsibilities of NCDD to coordinate and oversee the implementation of the NP-SNDD through close cooperation with the Council for Administrative Reform (CAR), the PFM Reform Committee and other sectoral reform mechanisms on ensuring adequate staffing, capacity, financing and other resources according to each implementation phase.

In conclusion, democratic development does not have an end, but it embeds a process of gradual progress through policy development, program implementation and lesson learning, with program assessment and review leading to gradual improvement.

The reform process undertakes careful and serious measures for solving emerging challenges - and for tackling new and unforeseen challenges which will emerge during NP-SNDD implementation, and require appropriate solutions. In this respect, there must be management flexibility and readiness to adapt and change while avoiding mistakes and the loss of policy commitment.

Success of NP-SNDD implementation towards the promotion of sub-national democratic development through D&D will depend on joint commitments and determination to overcome challenges of democracy supported by advanced knowledge and careful consideration. In this visioning, the NP-SNDD has been formulated using the collective knowledge and expertise available among the entire RGC and Cambodia's D&D concerned stakeholders.

The RGC hopes that this 10-year NP-SNDD (2010-2019) will be supported and actively implemented by all government's ministries and agencies, by all public officials at all levels, by political parties, by development partners, by civil society organizations, by private sector and by each Cambodian.

This NP-SNDD document was approved by RGC at the full meeting of the Ministers' Council on *28<sup>th</sup> May 2010*.



# **Chapter 1**

# **INTRODUCTION**

## **CHAPTER 1 INTRODUCTION**

### **1.1. BACKGROUND**

#### **1.1.1. Cambodia's Economy and Territorial Administrative Structure**

The Kingdom of Cambodia, is a country of 181,035 square kilometers, with 13,395,682 inhabitants (6,879,628 female, equivalent to 51.36%), and a population density of 75 square km<sup>1</sup>. About 85 percent of the population is farmers who depend on agriculture for livelihood. The agricultural sector is 32.4 percent of the GDP in 2008 and ensures jobs for over 70 percent of the population. In addition to agriculture, economic growth has recently been driven by the garment, tourism and construction sectors. As a result, rapid annual average economic growth of the past decade (1999-2008) of about 9.5 percent has increased annual income per capita from \$281 in 1999 up to \$739 USD in 2008, while the poverty rate declined significantly from 34.8 percent in 2004 to 30.1 percent in 2007<sup>2</sup>.

These achievements are under pressure from the effects of the world economic crisis on Cambodia's open economy, which has directly impacted on the garment and tourism sectors. This crisis places a challenge on maintaining recent poverty reduction achievements, as unemployment increases, especially among youth. Further, the Royal Government of Cambodia's (RGC) capacity to address these additional socio-economic stresses will be strained as the crisis leads to a decline of tax and revenue collection. Flows of foreign assistance could also decrease as the donor countries face their own domestic fiscal and economic shortfalls.

According to the Constitution of the Kingdom, Cambodia is a unitary state that is not dividable. New Articles 145 and 146 of the Constitution define the territorial administrative management system of the country. It recognizes the capital, provinces, municipalities, districts, khans, Communes and Sangkats. These administrative units are to be governed in accordance with the Law on the Administrative Management of Capital, Provinces, Districts, Municipalities and Khans and the Law on the Administrative Management of Communes and Sangkats. Until the end of 2009, the total number of sub-national administrative units includes 1 Capital, 23 Provinces, 159 Districts, 26 Municipalities, 8 Khans and 1,621 Communes and Sangkats.

Before February 2002 all local administrations were appointed by government. These administrations performed duties on behalf of the central government. They were essentially agents of central government to which government delegated certain functions for implementation of its policies. Line ministries have their line departments/agencies at district and provincial levels, which carry out the development policies and plans of their ministries. Under this system the central government has retained ownership and responsibility for all functions that have been delegated to sub-national administrations or line departments. This delegation also includes specific controls and instructions. Local administrations and agencies have to respond and be accountable upwards to the Royal Government on how it has implemented the delegated functions.

Therefore, until 2002, local administrations were essentially agencies of central government. Cambodia considered that this governance is one of 'deconcentration'. Deconcentration in Cambodia was deeply rooted, as there were no elected local authorities.

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<sup>1</sup> Cambodian Population Census 2008

<sup>2</sup> The NSDP Update, 2009-2013

In March 2001, the Organic Law, including the Law on the Administration Management of Commune/Sangkat; and the Law on the Election of the Commune/Sangkat Council, was adopted. Based on this Law the elections of the Commune/Sangkat Councils were successfully held in February 2002, creating very substantial local authorities. The RGC considered this new policy as Decentralisation and Deconcentration (D&D), as indicated in the 2001 Organic Law.

Therefore, starting from February 2002, the governance at C/S level was substantially changed. The administration created by this election was the means to transfer governance ownership from the central to the C/S level, ensuring that the C/S councils represent the interests of their local communities, and being responsive and accountable to their local communities.

### **1.1.2. Rationale and Challenges Leading to Continuing Reform**

Rapid economic growth has enabled the increase of expenditures on socio-economic development, especially in education, health, agriculture, and infrastructure, aimed at meeting the Cambodian Millennium Development Goals (CMDGs) to reduce poverty and improve the quality of life of Cambodian citizens. For, despite considerable real and potential wealth from land, as well as natural and human resources, the quality of life of the rural and urban poor in Cambodia remains well below potential, especially compared to other countries in the region. In this context, the Government's goals of achieving high economic growth and poverty reduction through democratic development take on more significance.

The quality, efficiency and delivery of the public service in Cambodia still remain as challenges and cannot yet respond fully to the real needs of the people. Public services which are not meeting the real needs such as (1) The quality of education at primary, secondary and tertiary levels is low; (2) The provision of quality public health services is still limited. In spite of numerous achievements in the health sector, the maternal mortality rate is still high; (3) Progress in promoting health care services, sanitation and clean water in rural areas needs to be speeded up to meet the targets set in the Millennium Development Goals; (4) Lack of education, domestic violence and human trafficking are the major factors that handicap women from realizing their full potential in contributing to socio-economic development; (5) Access to electricity in rural areas is still limited; (6) Road networks remain below the needs; (7) Irrigation systems are still not meeting the needs.<sup>3</sup> In the past the RGC paid a lot of attention to the development and rehabilitation of physical infrastructure which was destroyed during the civil war, so as to support the economic growth and to help reduce poverty. But the poor quality of existing infrastructure and the lack of routine operations and maintenance systems caused a negative impact on the sustainability of this infrastructure.

In terms of governance, there are four major challenges. First, there is poor administrative performance, accountability and responsiveness to the needs of local communities. Although the Commune councils are elected and have the legal capacity to perform own functions and manage own resources to respond to the local development plan, their performance and capacity have been limited, as functions and financial resources have not been transferred. Further, the management systems and lines of accountability at the provincial and district level are not structured to respond to local needs.

Second, sub-national service delivery and regulation of markets and public goods are characterised by a confusing mix of centralised, decentralised and deconcentrated arrangements, and also the allocation of the management responsibilities and the use of public goods is still not

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<sup>3</sup> The PM's speech at the 1<sup>st</sup> Council Ministers' Meeting of the 4<sup>th</sup> NA mandate dated 26 Sept 2009 (on the 2<sup>nd</sup> Phase Rectangular Strategy)



clearly defined between central and local governments and between local administrations themselves. While the technical capacity of government staff has improved, civil servant deployment is still not in line with the scale of functions and the priority needs of local communities. At the same time, conflicting and fragmented assignments of functions to different ministries has resulted in the creation of multiple sectoral programs that compete and have administrative management overlap amongst programs, projects and institutional responsibilities. This has further created complexity for responding to local needs.

Third, multiple conflicting development partner-financed programs exacerbate the problem. The focus on short term investment projects, vertical deconcentration and the use of salary top-ups threaten the institutional reform and long term capacity development envisioned in the Strategic Framework for D&D reform.

Fourth, in the process of democratic development, there are few functioning accountability mechanisms operating outside of elections, and political space for publicly debating, criticizing or protesting government policies.

## **1.2. POLICY AND STRATEGY FRAMEWORK OF THE DECENTRALIZATION AND DECONCENTRATION REFORM IN CAMBODIA**

There are several policy documents of the Royal Government of Cambodia that are important to defining the strategic vision for decentralization and deconcentration (D&D). The Royal Government of Cambodia has committed to a policy of good governance. The Rectangular Strategy for Growth, Employment, Equity and Efficiency – Phase I, was introduced in June 2004. The core of the Rectangular Strategy is good governance focused on four reform areas: (1) anti-corruption, (2) legal and judicial reform, (3) public administration reform including decentralization and deconcentration, and (4) reform of the armed forces, especially demobilization.

In June 2005, the government adopted the strategic framework on D&D reform. The strategy aims to create a governance system at sub-national levels based on the principles of strengthening local democracy, promoting community development, and reducing poverty. The government's long-term D&D reform objective is to broaden sustainable development and lay a strong foundation for economic growth, provide equitable opportunity for all citizens to participate in community development, promote sustainable environmental and natural resource management, improve public service delivery in response to people's needs and alleviate poverty with a special emphasis on vulnerable groups such as ethnic minorities, women and children.

The National Strategic Development Plan (NSDP) 2006–2010 sets out common strategies in the efforts to reduce poverty and achieve the Cambodian Millennium Development Goals (CMDG). Good governance, again, has been identified as a core pillar of the NSDP, not only in respect to the MDGs and poverty alleviation, but also to increase quality and achieve effectiveness in public service delivery.

Most recently, at the first Cabinet Meeting of the Fourth Legislature of the National Assembly held on 26 September 2008, in the Rectangular Strategy for Growth, Employment, Equity and Efficiency – Phase II, the Government reiterates that it will further pursue...

*the Decentralization and Deconcentration policy by developing legal and regulatory framework and laying out new measures to ensure effective implementation of the “Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans”, especially the development and implementation of the legal and*

*regulatory framework related to the transfer of power from the national to sub-national administrations by clearly identifying roles, authority, power, and accountability.*

In this regard, the achievement of D&D reform and delivery of quality and effective public service are pre-requisites for poverty reduction, as well as a major means for strengthening the government's efforts to fight corruption and accelerate public administration and public finance management reform.

In its entirety, the government will retain the regulatory, administrative and investment functions as well as the delivery of services and public goods or for those goods that have public merit. These responsibilities can be carried out directly by the government (at any tier) or indirectly by contract with private and not-for-profit organizations. Within the D&D framework, however, it is envisioned that each administrative tier of the RGC will play an important but complementary role in carrying out these responsibilities and in meeting the objectives of D&D reform.

The following should form the basis for a government policy on state functional architecture that is required for a systematic approach to functional review:

- The primary role of the central government is to create and maintain the enabling environment in which SNAs carry out sector strategies, promote democratic development and contribute to the reduction of poverty. They will fulfill this role by establishing the legal foundation in which SNAs govern and that which protect the rights and interests of the citizens. Where uniformity is required, the central government will establish national policies and standards; and establish national priorities for the development of the country.
- The provincial administrations will assume a planning and coordinating role and must ensure that their respective allocative decisions address regional inequities, taking into consideration the differing management and fiscal capacities of rural and urban areas. Further they will work most directly with the central government and in large part be held responsible for implementation of national policy to be carried out by other SNA through the transfer of functions and resources.
- Districts', Khans' and Municipalities' primary role is to respond to the priority needs of the Communes and Sangkats. It is envisioned, however, that due to economies of scale, functions will be transferred that have district, khan and municipal wide implications or affect more than one Commune or Sangkat. In this case they will offer programs and be the direct service provider for most sub-administrations of government in their respective territories.
- Commune and Sangkats as the directly elected governing bodies, are to be the voice of the people. As such they are expected to ensure that the development needs of their territories are met either directly where at all feasible, or through higher levels of SNA, as reflected in the functions which will be transferred. Further, they are to hold districts, khans, municipalities, provinces and the capital accountable to the people through participation in various decision-making mechanisms such as representation on Technical Facilitation Committees and through the right to access information, the right to monitor and to receive reports from higher tier Councils, and through mechanisms of accountability that include sanctions for poor performance of higher tier SNAs.

### 1.3. REFORM ACHIEVEMENTS TO DATE

Over the last 15 years, the RGC has made much progress in achieving government reform. The notion of decentralization and deconcentration is not new in Cambodia, as D&D reform has been carried out since 2002. The Law on Commune/Sangkat Administrative Management was adopted to pave the way for implementing reform at the Commune/Sangkat level. Two consecutive Commune/Sangkat council elections were organized, in February 2002 and in April 2007.

The establishment of elected Commune/Sangkat councils has shown a number of positive results. First, the Commune/Sangkat council has gained legitimacy as the people's representative organ, leading to a changed line of accountability and the re-channeling of development assistance to the Commune/Sangkat council to address local needs. Second, the participatory planning and budgeting procedure has allowed people to participate and express their preferences in terms of community needs. Third, the decentralization program has contributed to security and peace building, and to physical infrastructure improvement leading to economic growth. Fourth, reform at Commune level has in return strengthened, stabilized and legitimized the central government. The Commune councilors who come from different political parties/ideologies and were formerly enemies are now working together to develop their localities.

These results have largely been achieved through the creation of the Commune/Sangkat Fund, which has allowed an increase of budget flows to sub-national level, and the RCG has used the Provincial Rural Development Committee (PRDC) as the multi-sectoral mechanism at the sub-national level to support the C/S project planning, budgeting and implementation. The share of the national budget allocated to the Commune/Sangkat fund has increased from 1.5% of current domestic revenues in 2002 to 2.7% in 2008.<sup>4</sup> The Fund has enabled the Commune/Sangkat councils to respond directly to the priorities and needs of their local citizens through participatory planning and project management. According to the 2002-2006 Commune Project Database, there were nearly 5,000 water points (including drilled wells and community ponds); over 7,000 kilometers of earth and laterite Commune roads (including structures); 730 primary school rooms; and many small-scale irrigation, agriculture, environment and health-related schemes financed by this C/S Fund. In the implementation of these projects, the PRDC/EXCOM has supported the C/S in managing projects and executing contracts and agreements in accordance with all principles of good governance.

Additional financial resources have been accompanied by increased efforts to build capacity at the sub-national level. Thousands of Commune councilors, Commune clerks, provincial officials, and focal persons have been trained in the principles of democratic development and participatory planning and budgeting. In 2008, for example, training was provided to 2,454 central officials and focal persons (of whom 493 were women); 8,373 provincial/municipal officials (1,059 women); 7,612 Commune/Sangkat councilors (1,225 women); and, 2,485 Commune/Sangkat clerks (212 women).<sup>5</sup>

Several projects and support mechanisms have been formulated that form the foundation for municipality, district and khan administrations as they participate in the next round of D&D reform. Budget and administrative structures have been created and strengthened in pilot municipalities, districts and khans, enabling them to provide public services and work with the capital, provinces, and Communes / Sangkats more closely in meeting the needs of the citizens. The One Window Service Office were piloted in Siem Reap and Battambang Districts (now Municipalities). The achievement of this pilot project has encouraged the RGC to expand the

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<sup>4</sup> Sub-Decree No. 109 dated 28 August 2007 on State's Finance Transfer to C/S Fund

<sup>5</sup> Report on the Capacity Developments of NCDD 2008

establishment of these offices to other targeted districts and municipalities, in order to further strengthen the role of the district and municipality in providing services, engaging citizens and is expected over time to provide more accountable local government.

Participation and understanding about D&D reform from sector and line ministries has been significant. Ministry representative are members of inter-ministerial committees and working groups dedicated to the development plans that will advance D&D reforms. Ministries are in various stages of setting up D&D working groups in order to assess what functions of their ministries should (and how they can) be transferred to the SNAs according to the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans.

A number of studies have also shown that D&D reforms have significantly changed the perception of citizens toward the state from one of purely central planning and implementation, towards one that is more consultative, respectful and responsive to the needs of the people.

Both the successes and recognition of further improvements have given confidence to the Royal Government of Cambodia to move forward its reform to all sub-national levels including district, khan, city, province, and capital. Thus, in 2008, the Organic Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans was adopted.

#### **1.4. THE CHANGE ENVIRONMENT**

The *Strategic Framework on Decentralization & Deconcentration (D&D)* adopted in June 2005, establishes the vision that guides governance reform for the capital, provinces, municipalities, districts and khans, and further strengthens the Commune/Sangkat reform. To be effective, the principles of democratic development and improvement of public service delivery at the sub-national level will only be possible if D&D reform progresses in parallel with the *Public Financial Management Reform Program* and the *National Program of Administrative Reform*. Public financial management reform is carried out under the guiding principles established in the Public Financial Management Reform Program (PFMRP); while the strategy to improve public service delivery through improvements in public administration, is promulgated in the National Program of Administrative Reform (NPAR).

In particular, D&D will interface with PFMRP both directly and indirectly. The direct interface is through Ministry of Economy and Finance (MEF), initially for the development of the Law on Financial Regime and State Property Management for Sub-national Administrations and subsequently for the implementation of its provisions to establish finance, budget and asset management systems at the sub-national level. Indirectly the interface of D&D and PFMRP will occur via the line Ministries as they link the PFM budget reforms within their sectors and the transfer of functions and associated resources to Sub-National Administrations (SNAs).

D&D reforms will intersect with the National Program of Administrative Reform to achieve the key objective of assigning authority and accountability for human resources to SNAs to enable them to carry out their functions. In the end, decentralization and deconcentration brings the public finance and public administration reforms, as well as those reforms occurring in priority sectors, closer to the people, by ensuring that continued governance reform responds to their aspirations.

These three cross-cutting reforms are foundational to meeting the goals and objectives of the national strategies and are fundamental to democratic development, good governance and poverty reduction.

This generation of reforms will be complex, multilayered and challenging. The implementation of the reform as envisaged:

- Cuts across government in its entirety, transitioning from highly centralized and vertical systems of management to one that establishes cross-sector coordination of service delivery through sub-national administrations;
- Requires a unified administration led by new councils—with new lines of authority—for khans, districts, municipalities, the capital and provinces;
- Grants citizens more authority to set priorities that influence the Council decisions about the use of resources under their jurisdiction;
- Requires the realigning of lines of accountability between levels of sub-national administration and within those administrations;
- Changes and strengthens the governing environment for Communes and Sangkats, in particular their relationship with Municipal, District and Khan Councils;
- Requires the transfers of authority, finances, personnel, and assets from one tier of government to another; and,
- Establishes a multi-tiered management system, avoiding overlap of public service provision functions, but that allows for the seamless provision of services and programs.

The D&D reform is described to be the most ambitious and important change in Cambodian governance since the 1993 Constitution.

**Samdech Akka Moha Sena Padei Techo Hun Sen**, Prime Minister of the Kingdom of Cambodia, has also lent his personal and political support for the D&D reform as quoted below:

*“Cambodia has no better choice than to reform... The current public administration has to be comprehensively reformed more deeply so as to become an efficient and effective Service Provider and a trusted development partner to fulfill the mission of Serving People Better”.*<sup>6</sup>

*“The Royal Government set out its strategic thinking on D&D in its Strategic Framework for Decentralization and Deconcentration Reforms in 2005. We have now enacted the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, set a date for elections of the new Councils, and established the NCDD. These are all important building blocks in the process, but the real implementation work begins now. We have chosen this path in order to achieve broad-based and sustainable development and to strengthen vital local economic foundations. We want every citizen to participate in local development. We want to improve the management and delivery of quality public services to meet local needs and ultimately reduce poverty. In choosing this path we recognize that the Royal Government cannot effectively, efficiently and economically deliver the required range of public services across the whole country from the Capital. By recognizing this and adopting the D&D policy approach, we are deciding to fundamentally change the way the Royal Government carries out its business. Essentially we are setting up a new local government system and transferring functions, including service delivery functions, together with financial, human and other resources from central to local government.”*<sup>7</sup>

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<sup>6</sup> The Policy on Public Service adopted by the Council of Ministers on 05 May 2006

<sup>7</sup> Speech of Samdech Akka Moha Sena Padei Techo **Hun Sen** on the Announcement of Progress and Plans for D&D 28/01/09 (NCDD)

## **1.5. METHODOLOGICAL APPROACH**

The formulation by the RGC of the 10-Year National Program for Sub-national Democratic Development (NP-SNDD) starts from the accomplishments of the last 15 years. In keeping with the principle of steady but thoughtful reform and recognizing that the implementation of the 10-Year Program will only happen through commitment from and broad-based support of all branches of the Royal Government of Cambodia, it was necessary that the process for the formulation of the NP allow for the widest participation of representatives from government ministries and agencies, sub-national administrators, development partners, and non-government organizations as possible. The formulation process also ensured that the lessons learned from past accomplishments were captured in order to inform the next phase of reform.

To that end, a series of dialogues were held that allowed for the emergence of a consensus view on the key issues that will define the principles and the parameters of the reform effort.<sup>8</sup> The themes of the dialogues reflected the important aspects of democratic development through decentralization and deconcentration articulated in the Strategic Framework for Decentralization and Deconcentration Reform, the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans) and the Law on the Administrative Management of Communes and Sangkats. Themes of the Dialogues included:

- Overall Objectives of the D&D Process
- Assignment of Local Functions and Responsibilities
- Local Finances and Budget
- Accountability, Oversight and Responsiveness
- Local Management and Administration

In addition to the 5 main dialogues, considerable emphasis was placed on working individually with and through ministries on transfer of functions, resources and personnel. Pre- and post-dialogue working meetings were held in key ministries in order to further elaborate the strategies for D&D reform within priority sectors.

The results of this inclusive approach have laid a firm foundation from which to commence the implementation of program activities. Additional data were collected from multiple sources that augmented the results of the Dialogues. In total they provide the documentation from which the NP-SNDD was formed.

### **1.5.1. Guiding Principles**

The NP-SNDD reflects a set of guiding principles derived from the Royal Government of Cambodia national strategies, policy papers and laws related to overall development of the country and specifically to D&D reform. The guiding principles are:

- Ensure the core values and principles of democratic development, as stated in the policy objective in Chapter 2, are realized;
- Be careful in the process of establishing the roles, responsibilities and working procedures of the new Councils, and in the transfer of functions to ensure that the reform will not interfere with Commune/Sangkat council affairs or make decisions that affect the rights of those councils;
- Overcome current difficulties resulting from years of functioning as a highly centralized government;
- Encourage changes of behavior and attitudes towards work performance necessary for the new administrative structure to operate and achieve results as expected;

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<sup>8</sup> A summary of the Dialogues is provided in Annex 1.

- Allow for the immediate needs of the people to be addressed;
- Ensure that people, especially women, vulnerable groups and ethnic minorities, can participate in decision-making at provincial / municipal, district / khan and Commune / Sangkat levels;
- Encourage flexibility in order to accommodate social, political and economic change;
- Integrate appropriate consideration of environmental issues, especially climate change, into SNA activities at all levels;
- Be based on a legal and regulatory framework; and,
- Promote interdependency / close cooperation between the national and sub-national administrations.

### 1.5.2. Logical Framework – Key Concepts

The NP – SNDD uses a logical framework approach as a way to organize the data, and present the expected outcomes/outputs and main activities. It is structured as follows:

- **Goal:** overall results the RGC expects to achieve from the implementation of the national program.
- **Objective:** desired result of the NP that will contribute to achieving the overall goal,
- **Outputs:** result of Program Areas that will contribute to achieving the objective.
- **Indicators:**
  - **Impact Indicators** – measure the overall effect of D&D reform on national goals.
  - **Program Indicators** – measure progress toward achieving NP vision.
- **Platform** – Concrete time segments demarcated by reaching expected targets on the overall path to achieving program results.

## 1.6. STRUCTURE AND FLOW OF THE DOCUMENTS

The National Program for Sub-national Democratic Development (NP-SNDD) outlined in this document defines the policies and programs necessary to carry out the vision of the Royal Government of Cambodia and then provides an outline of the steps that must be taken to implement the 10 Year Program, and the management responsibilities of the NCDD.

Chapter 1 provides this introduction to the NP-SNDD, outlining the background to, and rationale for the reforms, the relevant RGC policies and strategies, the achievements to date, the current change environment and guiding principles.

Chapter 2 describes the RGC's vision and policy commitments. The overarching approach to D&D reform and the logical relationship between creating strong SNA institutions and the Government's objectives of promoting democratic development, improvement of service delivery and reduction of poverty through decentralization and deconcentration is provided.

In Chapter 3 the critical actions necessary to institutionalize D&D, set out under 5 Programme Areas, are detailed. **Program Area 1** sets out the actions necessary to ensure that SNAs govern democratically and efficiently; **Program Areas 2** focuses on the issues related to management and development of SNA human resources; **Program Area 3** defines the steps necessary to transfer functions and improve the delivery of services through SNAs; **Program Area 4** provides a comprehensive SNA finance and budgeting system; and, **Program Area 5** identifies both the institutional enabling environment required to support SNAs and the necessary adjustments of existing institutions and organizations to ensure that they are aligned with the RGC's new governing structure created through D&D reform.

Chapter 4 provides an overview of the management activities necessary to implement the NP-SNDD, including the NCDD management structure and approach that will be taken to implement the 10-Year Program, the M&E Framework and its link to the five program areas and the risk assessment which highlights the impact of failure to address the critical actions and steps outlined in the 10-Year Program.

Chapter 5 addresses the financial issues including financing mechanisms and a 1-Year Indicative Program and Cost Estimate.

The following Annexes are attached to the NP-SNDD:

- Annex 1: Summary Outcomes from the Five Dialogues
- Annex 2: Gender Mainstreaming in Sub-National Administrations
- Annex 3: Accountability of Sub-National Administrations





**Chapter 2**  
**STRATEGIC FRAMEWORK FOR**  
**SUB-NATIONAL DEMOCRATIC**  
**DEVELOPMENT**

## **CHAPTER 2 STRATEGIC FRAMEWORK FOR SUB-NATIONAL DEMOCRATIC DEVELOPMENT**

During the mandate of the fourth legislature (2008–2013), the RGC reform will continue to focus on enhanced effectiveness in implementation of policy and delivery and management of public goods, especially better public services delivery in order to respond to the aspirations of the people. Sub-national democratic development will allow progress to be made on the commitment of improved service delivery that protects community assets, provides for better natural resource management, improves resilience to climate change, promotes a low carbon development pathway, and responds to the social, physical and economic needs of individuals and households. In this way, sub-national democratic development will allow SNAs to make a greater contribution to the alleviation of poverty and sustained economic growth.

### **2.1. RGC VISION FOR SUB-NATIONAL DEMOCRATIC DEVELOPMENT**

To continue to make progress on our commitment to democratic development, the RGC vision is to *“Develop management systems of provincial/municipal, district/khan and Commune/Sangkat levels based on the principles of “democratic participation”. These systems will operate with transparency and accountability in order to promote local development and delivery of public services to meet the needs of citizens and contribute to poverty reduction within the respective territories.”*<sup>9</sup>

The vision and objectives of the Strategic Framework for D&D reform, and of the Organic Law is to establish, improve and support sustainable democratic development.

Democratic development defined in the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans (Article 12), is clear in that there is to be an overall governing structure that allows for (1) Public representation, (2) Local autonomy, (3) Consultation and participation, (4) Responsiveness and accountability (5) Promotion of equality of life of the local residents, (6) Promotion of equity,(7) Transparency and integrity, and (8) Measures to fight corruption and abuse of power.

To ensure better quality of life for local people, sub-national level councils have to have the appropriate roles, authority and resources.

The success of this reform depends mainly on the concept that each sub-national council has to have a unified administration.

The establishment of the unified administrations at the sub-national level reflects the commitment of the RGC to transfer clear roles and responsibilities to these sub-national councils to coordinate all administrative activities [those of the SNA and the line ministries/offices] in their jurisdictions in order to promote public service delivery and local development. The effectiveness of service delivery depends on the transfer of authority in the key service delivery areas to the sub-national administrations. This principle requires line ministries to review their own service delivery functions, for transfer to sub-national administrations, and also review their own legal and regulatory frameworks to ensure that they are aligned with the Organic Laws. This will ensure that each council will be able to fully respond to the service delivery needs and to the coordination of service delivery activity and local development. Further, reporting and

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<sup>9</sup> Strategic Framework for Decentralization and Deconcentration Reform, 17 June 2005.

monitoring lines of accountability between the Council - Board of Governor - Line Ministry and their offices are necessary for the Councils to make informed decisions.

Finally, the vision stated allows for the activities carried out within each administrative territory to mirror local demographic, geographic, social, and economic conditions. Councils will have the mandate to speak for their citizens in setting priorities for the development of their communities. This process requires the participation of people in decision making relating to public services, where people have the right to monitor the activities of the SNA and to hold Councils accountable for their actions. Correspondingly, Councils will have the resources and the authority to make allocative decisions that cross sectors and ministerial lines. The result will be more responsive government and improvements in service delivery.

## **2.2. RGC POLICY COMMITMENTS**

The RGC commitment to democratic development shall be actualized in accordance with the following policies:

1. Give increasingly greater authority to SNAs through the assignment of functions.
2. Ensure that Councils have discretionary authority to make cross-sector allocative decisions to meet the priority needs of their citizens.
3. Ensure the participation of the people in the decision-making process of the Councils at sub-national level, and in monitoring and evaluating the work performance of the elected Council and staff, including the Board of Governors, to ensure that they are responsive and accountable to the people. Determine the forms of accountability that are desirable within the structure of sub-national government, and create mechanisms to deliver these.
4. Transfer obligatory and permissive functions to all SNA Councils in accordance with the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, which states that functions will be transferred according the following principles:
  - Relevant to jurisdiction of the council;
  - Manageable and practical for the council's jurisdiction;
  - Beneficial and useful for residents within the council's jurisdiction; and
  - Major impact within the council's jurisdiction.
5. Establish a funding mechanism that gives Councils discretion over conditional and unconditional revenue sources which corresponds with requisite responsibility and authority and for which over time the balance of unconditional transfers will increase relative to conditional transfers.
6. SNA councils will be empowered to exercise their discretion in setting the bases and/or rates of their own source revenues within the national set rates.
7. Transfer the control over the SNA civil service to the council, granting Councils the authority to hire, fire, promote and assign personnel in accordance with civil service code.
8. Enforce actions that increasingly integrate women into the governing process, increase access to services, and ensure women's and other marginalized groups priority needs receive resources.

These policies must be carried out through appropriate legal instruments and operational procedures of ministries and institutions of the Royal Government relating to management, distribution of responsibilities and resources to capital, provincial, municipal, district, khan, Commune and Sangkat levels. Further, the actions taken must be consistent with the objectives and principles of the Strategic Framework of Decentralization and Deconcentration, and the

provisions of the Law on Administrative Management of Capital, Province, Municipality, District and Khan, and the Law on Administrative Management of Commune and Sangkat.

## **2.3. NP- IMPLEMENTATION FRAMEWORK**

### **2.3.1. Goal and Objectives**

The Goal of the NP-SNDD is to achieve *democratic, inclusive and equitable development, improved access, quality and utilization of service delivery and contribution to poverty's reduction.*

The Objective of the NP-SNDD is *to develop management systems of provincial/municipal, district/khan and Commune/Sangkat levels based on the principles of democratic participation that will operate with transparency and accountability in order to promote local development and delivery of public services to meet the needs of citizens and contribute to poverty reduction within the respective territories.*

Good governance has been identified as a core pillar of development to increase quality of, and achieve effectiveness in public service delivery as well as to alleviate poverty in accordance with the Millennium Development Goals. In the NSDP, the government is committed to implement fundamental principles that can lead the country for prosperity such as:

*“...strict adherence to democracy in governance, where all citizens are able at regular intervals to freely elect their representatives to govern at national and sub-national levels and government institutions at all levels have to be fully responsive, responsible, effective, transparent, accountable and predictable. In this way, essential social services for human capital formation and enhancement -- health, education, cultural development will be created; enabling individuals to seek and realize their full potential and contribute to their own well-being and the country's growth”.*<sup>10</sup>

The RGC recognizes the important role of SNAs in addressing the socio-economic and environmental challenges facing Cambodia, and so the RGC is prepared to transfer responsibility, authority and resources to SNAs so that they can address the problems that face the people who live in their jurisdiction. Commune and Sangkat Councils and local communities in Cambodia are already responding to the crises that they face. The establishment of councils at capital, provinces, municipal, district, and khan level expand the points at which citizens can engage with the government to address socioeconomic and environmental challenges.

The long-term sustainability of addressing these challenges remains an issue. It is not sufficient to only establish the policies and transfer the resources. SNAs must work effectively. This means that there is a need for systems and procedures to be in place that allows for officials to use authority and resources transferred to them in response to the needs of the people of the country and the expectations of the RGC.

To that end, it is necessary to have strong, just and accessible sub-national institutions and ensure that:

- SNAs, ministries and other institutions are aware of citizen's needs,
- Institutionalization of administrative and fiscal management reform to sustainably respond to people's needs,
- Citizens can play a meaningful role in holding officials to account, and

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<sup>10</sup> National Strategic Development Plan 2006-2010

- Each council of SNAs has full capacity to effectively coordinate all public administration activities in the SNA's respective jurisdiction. In this respect, over time Councils will be granted more authority to allocate funding across sectors as well as within sectors.

The NP-SNDD Implementation Framework delineates the scope and approach of programs that ensures these expectations will be met. Further, it has been designed to respond to the complex set of challenges recognized in Chapter 1, Section 1.4, which can become barriers to reform if not properly addressed. Finally, it lays the foundation that will allow for the assistance provided by development partners to move toward greater use of government systems, a fundamental element of creating democratic sub-national administrations.

### **2.3.2. Scope of NP-SNDD Implementation Framework**

The National Program Implementation Framework focuses on those facets of government operations, systems, and structures that will contribute to and result in democratically governed and effectively managed sub-national administrations. The 10 Year Program requires that a range of actions be taken; from drafting and adopting the legal instruments necessary to codify the policy commitments to implementing programs that ensure that the expected benefits derived from the policy commitments will be forthcoming.

#### **A). Inter-Linking Program Design**

The NP-SNDD is structured around five program areas that interlink to form the institutional capacity which supports and allows for the realization of the D&D reform goals. The presentation of the program areas is not to imply a sequential order of actions in support of D&D reform, but rather recognizes the iterative nature of government reform and the interlocking nature of government operations and systems. Activities of the five NP-SNDD Program Areas are described below:

- **Program Area 1 – SNA Organization Development** – ensures that the fundamental organizational infrastructure is in place that facilitates the making of decisions, codifies the allocation of authority within the SNA and between different tiers and institutionalizes mechanisms which ensure democratic practices are legitimized and citizens' rights are protected.
- **Program Area 2 – Human Resource Management and Development Systems** – allows for the transformation of management of civil servants and other personnel at the sub-national level. Achieving the results defined in this program area changes the incentives for civil service performance from one which focuses on completing tasks to one of serving citizens. Management of personnel from this perspective is essential for the improvement of service delivery.
- **Program Area 3 – Transfer of Functions** – is core to the overall reform as it defines a) the responsibility and authority that will be executed through the institutional structure established in Program Area 1 and b) the resources that must be managed in accordance with those systems, operating procedures and practices advanced in Program Areas 1, 2 and 4.
- **Program Area 4 – Budget, Financial and Asset Management Systems** – contributes to two dimensions of the NP design. One, it establishes the financial systems and operating framework necessary for the management of fiscal resources (i.e. revenues and assets) and two, it defines the mechanisms for financing SNA activities.
- **Program Area 5 – Support Institutions for D&D** – ensures the necessary institutional arrangements and missions of institutions that will advance D&D reform and enable SNA to govern and manage effectively and sustainably.

## **B). Cross-cutting Programs**

Three cross-cutting themes are interwoven into the five program areas: gender mainstreaming, climate change and accountability.

### **B-1). Gender Mainstreaming**

Gender mainstreaming in NP-SNDD is defined as promoting gender equality and the empowerment of women in the broader governance arena, and particularly women's role in decision-making, and improving their access to services. NP-SNDD capitalizes on the entry points and opportunities created in its five program areas to increase opportunities for, and empowerment of women and aims to ensure that all services they need are available. Proposed activities under the NP-SNDD will increase women's, ethnic minorities' and other vulnerable groups' access to services and control over development resources directed at improving livelihoods. Concrete activities concerning gender mainstreaming are described in the Annex 2.

### **B-2). Climate Change**

The impact of climate change in Cambodia will be unprecedented and will require effective government leadership at all levels to respond to the increasing global threat to life, livelihoods and life-supporting systems. There is an urgent need to adopt low carbon development agendas, but at the same time to prepare for the new climate risks threatening Cambodia. NP-SNDD provides key entry points required to create a national "*adaptation system*" that will support society in the long-term, iterative process of adjusting as the climate changes.

### **B-3). Accountability and Protection of the Poor and Disenfranchised Groups**

The National Program will make SNA procedures more transparent so the public can observe and take action. Implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans and NP-SNDD implies the establishment of new lines of accountability, creating awareness and establishing systems, procedures, and mechanisms to ensure that citizens' rights are protected, voice is heard and resources are utilized in accordance with the law.

Citizens will have the legal right to access information about the decisions and actions of the councils. Mechanisms also need to be established to deliver appropriate means for citizens to evaluate the activities of councils, and to hold them to account for poor performance. As such the approaches to achieving accountability must be incorporated into all elements of government reform; the legislative process as well as the administrative process.

To ensure accountability is achieved throughout the SNA, the following actions are woven through each of the Program Areas.

- Clarify goals and objectives for accountability.
- Review existing accountability practices and test new ones for their ability to meet the government's goals and objectives with respect to accountability, as a basis for the establishment of national guidelines and operating procedures;
- Legitimize those articles within the Law on Administrative Management of Capital, Province, Municipality, District and Khan that address lines of accountability by assigning penalties within the regulations that promulgate the articles;
- Legally mandate citizen's right to public information;

- Take affirmative actions in expanding civil societies' understanding of D&D, including the potential benefits.
- f.) Strengthen mechanisms for citizens' recourse if SNA violate citizens' rights as they relate to legal requirements.

Accountability mechanisms that institutionalize administrative, financial and legal accountability and that ensure that the voice and rights of the people are protected through the D&D reform follow specific lines of accountability.<sup>11</sup>

Four lines of accountability are implied in the NP-SNDD:

1. **Internal accountability** which is within a unit of SNA or among the SNAs own entities
2. **Intra-SNA accountability**, which refers to accountability among/between SNAs or units of SNAs, at the same or different levels.
3. **Inter-governmental accountability**, which is between the central government, line Ministries, institutions and departments with SNAs.
4. **Accountability of SNAs to citizens** refers to political accountability between SNA and citizens in their jurisdiction.

Each of the program areas weaves in one or more of the lines of accountability, as indicated below:

Program Area 1 will be a key locus for the exercise of all four lines of accountability, in the manner as follows:

- internal accountability, via the establishment of rule based administrative systems and reporting requirements;
- intra-SNA accountability, particularly in respect to the C/S support units to be established by the districts and in respect to lines of reporting among/between the various tiers of SNAs;
- inter-governmental accountability is implied via the horizontal coordination and line departments in the context of unified administration; and,
- accountability to citizens through i) surveys of citizen satisfaction with services; ii) IT to increase citizen access to information and services; iii) guidelines, instructions and instruments for consultation, information and participation of citizens; (iv) development of citizens engagement programs and various mechanisms of citizen involvement.

Under Program Area 2, internal accountability will be exercised through specific roles for management of civil service and HRM system as well as guidelines regarding expectations of staff involvement with the citizens, while inter-governmental accountability will be implied through the process of line ministry personnel redeployment concurrent with functional and resource transfer.

Program Area 3 will have a bearing on inter-governmental accountability via the manner in which functions to be transferred to SNAs will be defined (including resources and personnel to ensure that service provision is not disrupted); and the mechanisms for monitoring and reviewing implementation of transferred functions. SNA accountability to citizens may be expressed eventually through improvements in quantity and quality of services provided, but in the interim, specific measures for promoting accountability with respect to different types of services and other functions will be required, and these should be piloted and their effectiveness

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<sup>11</sup> A Legal Analysis of the Accountability Mechanisms is provided in Annex 3.

evaluated against the government's goals and objectives in this area. Further accountability to citizens may be promoted via public hearings and public access to information about SNA performance of functions/services, and piloting of different approaches to these, and monitoring of their effectiveness, will be required.

Program Area 4 will be another key locus for the exercise of the following lines of accountability:

- internal accountability (horizontal) – via internal audit, relations and processes between council and Board of Governors (BoG)/Administration in respect to budget implementation;
- intra-SNA accountability (vertical and horizontal/upward and downward), particularly for sharing of specified revenues between district and the Communes/Sangkats within the district;
- inter-governmental accountability (vertical/upward) is exercised through MEF financial inspections and National Audit Authority (NAA) audits of SNA financial performance; and,
- accountability of SNA to citizens (horizontal/downward) in respect to budget development, choices, and implementation; public hearings related to budget, investment, development issues should be developed, and pilots conducted with respect to social auditing, and the possibility of inserting requirements for citizens or Commune councils to formally approve budgets as a means of exercising authority over higher levels of government.

Under Program Area 5, the establishment of an administrative mediation and conflict resolution mechanism will ensure a means to reinforce internal accountability processes of SNAs.

There are specific mechanisms by which councils are or can be held accountable for ensuring that women, vulnerable groups, ethnic minorities and the poor have access to public services and that those services are provided in an equitable manner.

## **2.4. NP-SNDD RATIONALE**

Under this generation of reforms, SNAs will be increasingly held responsible for the development of their territories, protecting the rights of their citizens, and providing sustainable public services on an ongoing basis.

As functions are transferred, Councils must convert development priorities, as articulated by citizens and required by the national government, into routine operations and use their authority and resources in a way that ensures investments are protected, that the quality and quantity of services provided improves and that these improvements can be sustained over time. This requires that the necessary institutional infrastructure as represented in the five program areas.

Without the necessary institutional infrastructure, Councils will not be able to efficiently meet the needs of the people. More importantly, without the institutional infrastructure it will be nearly impossible for citizens to hold the Councils accountable.

Finally, without creating the necessary institutional infrastructure, the decentralization and deconcentration reform would not be able to achieve the national goals of improved service delivery, democratic development and poverty reduction.



## **2.5. NP-SNDD CAPACITY DEVELOPMENT**

Building the capacity of individuals and the institutions will be necessary to ensure the establishment, promotion and sustainability of development through the D&D, and is a critical component of the NP-SNDD. The immensity of the challenge will generate significant and multifaceted demands which will require multiple approaches.

For the purposes of the National Program, capacity development is defined as providing technical support, learning opportunities and requisite information, data, equipment, systems and procedures that allow individuals and institutions to achieve the results envisaged from sub-national democratic development. Thus defined, capacity development enables and therefore becomes the pre-requisite for individuals and institutions to undertake technical, management, or administrative work themselves.

The Capacity Development Plan is designed to address the immediate needs of individuals and institutions to carry out their respective levels of responsibility and authority at each SNA level. Further, it is designed to leave in place Cambodian institutions that have the ability to develop their own organizations and build the requisite capacity of individuals. As such the Capacity Development Plan is interlinked to the Program Areas outcomes/outputs. The Capacity Development Plan will be developed during the first semester of 2010.

The NP-SNDD provides for the following arrangements to support capacity development:

1. The NCDD Secretariat will oversee the implementation of the capacity development plan as provided for in the plan document. The Plan includes a description of the approach that will be taken for delivering TA, training, development of pilot programs, etc.; the management of capacity development; and a detailed list of core competencies required by sub-national officials that correspond with the program outputs defined in Chapter 3.
2. Technical assistance will be provided to institutions whose mission includes building capacity of individuals and institutions, such as the Royal School of Administration, the National League of Commune and Sangkats and the Ministry of Interior's Department of Personnel and Vocational Training. The main outputs required to build the capacity of these institutions is described in Program Area 5. It is expected that by Platform 2 these institutions will assume greater responsibility in defining and building capacity of individuals and institutions.
3. In time, sub-national administrations themselves will assume the responsibility of building the capacity of their respective organizations and individuals. This is a primary responsibility of any government institution. Program Area 2 outlines the necessary outputs for SNAs to assume this responsibility. It is expected that by Platform 2, SNAs will identify needs and secure resources for capacity development.
4. Funds for capital and equipment requirements will be provided to ensure that SNAs' minimal operating environment is in place. Capital and equipment inventories of each SNA will determine the demand.

## **2.6. LOCAL ECONOMIC DEVELOPMENT**

For development to occur services must be predictable, affordable and reliable. Further, for individuals, services must be accessible and link to their ability to gain access to income generating activities. The development interest of private investors and individuals often have contrasting objectives that the SNAs must address through the planning process, when making

budget allocations and determining how to improve the access to services. .

The National Program, in its entirety, lays out the means for these ends to be achieved. This requires, as noted above, that SNAs have the discretion to make optimal choices. They must, however, also address the predictability, affordability and reliability of service and this requires the skills, systems and knowledge to effectively manage the resources over which they have discretion.

The NP specifically addresses approaches to improving the predictability, affordability and reliability of service delivery; broadly through the transfer of functions, and more specifically by building the capacity of SNAs to work with community groups and line office to develop service improvement targets and action plans. Consideration will be given to the transfer of functions over which SNAs can have the greatest effect with regard to local economic development. They will be given the responsibility and authority to develop and manage services and resources that are linked to those economic sectors in which Cambodia has its greatest comparative advantage.

## **2.7. NP-SNDD PLATFORM PERIOD AND EXPECTED RESULTS**

The 10-Year National Program for Sub-national Democratic Development (NP-SNDD) is organized around a logical framework and anticipates three broad implementation phases / platforms over the period from 2010 to 2019.

Each platform period will correspond to and be defined by the adoption and implementation of D&D policy and legal instruments:

- That transfer functions, local finances and assets, and personnel necessary for the formation of viable SNAs with significant pro-poor service responsibilities and the corresponding discretionary authority and resources; and,
- That achieves full and effective accountability of SNAs, with emphasis on the accountability of elected sub-national councils to citizens.

Platforms, by definition, create a base or foundations on which other activities occur that contribute to achieving the expected outcomes. The Platform periods reflect the practical nature of implementing such a far reaching and comprehensive reform program, taking into account the amount of time it will take to adjust, coordinate and adopt individual and institutional changes. The NP-SNDD is organised around three Platforms, the first two Platforms are three years each and the last Platform is four years (3-3-4). This provides sufficient time for a fair assessment of reform efforts and necessary adjustments to be made. A complete SNA development planning cycle can be completed in each Platform and Platform 1 and 2 correspond with first full elected term of Councils of the Capital, Province, Municipality, District and Khan. The progress made will be monitored and evaluated, as described in the M&E section 4.2. The ongoing M&E reports will inform the movement to subsequent outputs and activities.

As the D&D policy and legal instruments are adopted and NP-SNDD programs reflecting them are implemented, institutional change will occur. Table 2.1 below outlines the goal, expected institutional changes and institutional results for each Platform.

**Table 2.1 NP-SNDD Platform Periods and Results**

Descriptions	Results in Each Platform		
	Platform 1 (2010–2012)	Platform 2 (2013-2015)	Platform 3 (2016-2019)
Goal	Establish and institutionalize governing systems and structures at the sub-national and national level that ensure implementation of policies and the effective and efficient delivery of public services by SNAs.	Strengthen and broaden the established system and structures, ensuring that the SNAs can adopt and execute local policies that result in improved public services and increased access to public services for women and the disenfranchised	Adjust programs and deepen impact by replicating lessons learned and ensuring that the SNDD programs correspond to and reflect new policies and strategies of the Royal Government of Cambodia.
Institutional Change	Councils will be the established and recognized decision making body of SNAs	The line of accountability between ministries and SNAs will be increased to the Council as more functions are assigned.	Ministries become increasingly responsible for creating the enabling environment in which SNAs carry out sector strategies.
Institutional Results	<ul style="list-style-type: none"> <li>• SNA officials will have mastered the basic competencies necessary for D&amp;D reform</li> <li>• Legal framework necessary for Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans to be actualized will be in place.</li> <li>• An overall systematic process for functional review is approved by the NCDD, including defining a system which allows RGC to identify the preliminary permissive functions to be transferred to SNAs.</li> <li>• SNAs systems that accommodate the transfer of functions and subsequent transfer of resources will be institutionalized</li> <li>• SNAs implement a first package of functions transferred by national level</li> </ul>	<ul style="list-style-type: none"> <li>• Review the functions that have been transferred during Platform 1 and transfer additional functional responsibilities in each of the priority sectors to SNAs</li> <li>• SNAs act with more administrative independence as core competencies increase.</li> <li>• Vertical and horizontal accountability is in balance with Councils recognizing the rights of citizens</li> </ul>	<ul style="list-style-type: none"> <li>• SNAs are increasingly held responsible for the quality of and access to services</li> <li>• Line ministries and SNAs work jointly with citizens to achieve national development goals.</li> <li>• Cross-sector allocative decision-making enabled at the SNA level.</li> </ul>

By the end of the 10-Year program period, the nature and extent of Council authority will have changed substantially, and the nature of the relationship between Councils and agencies of the central state will have changed as well. Councils will assume progressively greater responsibility for direct service provision which will enable them to respond to constituent demands and priorities. As functions are assigned to Councils, lines of accountability will shift, with greater exchange and stronger relationships occurring between Councils and Line Ministries than between Line Ministries and Line Offices.

As functions are transferred, the role of ministries will be to create the enabling environment within which SNA Councils provide services that respond to the demands of citizens and meet the goals and objectives of national government policies.

## **2.8. COORDINATION WITH SECTOR, PUBLIC ADMINISTRATIVE AND FINANCIAL REFORMS**

NCDD will be responsible for the cross coordination in the establishment of the institutional structures related to reforms, specifically public finance and public administration reforms. The coordination will occur as follows:

- NCDD Secretariat will closely work with the D &D working groups within ministries; including Secretariat of Public Financial Management Reform Committee and Secretariat of Public Administration Reform Council.
- In the development of the SNA civil service as defined in PA 2, the State Secretariat of Civil Servant through the NCDD's Sub Committees of Personnel of SNA will coordinate with CAR .
- PA 4 will be carried out as part of the MEF Public Finance Reform Program. NCDD will coordinate with the MEF regarding this program area;

The National Program anticipates cross-cutting sector reform to be processed through the transfer of functions and resources as indicated in program area 3. However, it will be necessary for NCDD, Ministries and the Development Partners to take additional steps to adjust policies, strategies and programs in order to ensure that sector reforms align with D&D reform. These are outlined as follows:

- Upon adoption of the National Program, the ministries formally require sector reform strategies to account for and develop plans that assign or delegate functions in accordance with the NP.
- NCDD, through its sub-committees, will work with the Development Partners to define guiding principles for integration of sector reform programs and D&D reform.
- Development partners will work back through their respective country strategies and map out key areas in which their respective sector programs and D&D programs will align.

## **2.9. NP-SNDD MASTER LOGICAL FRAMEWORK**

The NP-SNDD Master Logical Framework lays out the relationship between the program area outputs. The Master LogFrame (MLF) captures the high level goals, objectives and outcomes of the overall reform as well as key indicators and assumptions. Individual Program Area LogFrames (PALF), provided in Chapter 3, reflect the expected intermediate outcome and outputs, which when rolled up will contribute to the end results.

**Table 2.2: NP-SNDD Master Logical Framework**

Goal and Objective of the National Program	Verifiable Indicators	Key Assumptions
<p><b>Goal:</b></p> <ul style="list-style-type: none"> <li>• Democratic, inclusive and equitable development</li> <li>• Improved access, quality and utilization of service delivery</li> <li>• Contribution to poverty reduction.</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of citizens both sexes satisfied with the performance of their SNA</li> <li>• Percentage of population, including women and vulnerable groups, who feel more services are available to them</li> <li>• Percentage of population, including females and vulnerable group able to access/utilizing services:               <ul style="list-style-type: none"> <li>– Net enrolment ratio in primary and lower secondary education</li> <li>– Utilization of govt. health facilities: new consultations per person per year</li> <li>– Percentage children under one year immunized against measles</li> <li>– Percentage births attended by skilled health personnel</li> <li>– Percentage of population with access to safe/improved drinking water</li> <li>– Percentage of population with access to improved sanitation</li> </ul> </li> <li>• Percentage of people both sexes whose income is less than national poverty line</li> </ul>	<ul style="list-style-type: none"> <li>• RGC promulgates legal framework that codify the NP policy commitments</li> </ul>
<p><b>Objective:</b></p> <p>To develop management systems of Capital, provincial, municipal, district, khan and Commune, Sangkat levels based on the principles of democratic participation that will operate with transparency and accountability in order to promote local development and delivery of public services to meet the needs of citizens and contribute to poverty reduction within the respective territories.</p>	<ul style="list-style-type: none"> <li>• Percentage of citizens both sexes that recognize Councils as the decision making body of SNAs</li> <li>• Number of functions assigned to SNAs rather than delegated increases.</li> <li>• Number of ministries that restructure organization to provide support to SNAs.</li> <li>• Extent to which directly elected Commune councils monitor, supervise, and mandate action of other indirectly elected SNAs.</li> </ul>	<ul style="list-style-type: none"> <li>• SNAs are provided the necessary technical support to build systems, operating procedures and capacity of staff.</li> <li>• Discretionary funds are transferred to all tiers of SNAs beginning in Platform 1.</li> <li>• A regular schedule of functional transfers is developed and executed by the NCDD.</li> <li>• Awareness campaigns conducted so that citizens are knowledgeable about the formation of SNA's</li> </ul>

Goal and Objective of the National Program	Verifiable Indicators	Key Assumptions	
		council responsibilities. <ul style="list-style-type: none"> <li>• RGC continues implementing policy on gender equality and women empowerment as part of national policy</li> <li>• Methods for participation and evaluation designed with the particular context of Cambodia</li> </ul>	
PA Objective	Outputs	Program Indicators	Key Assumptions
1. To create functioning sub-national administration institutions through the establishment of a management system in line with the democratic participation principles	1.1. The fundamental organizational body of the SNA is established corresponding to expectations of respective levels. 1.2. Standard operating procedures and management systems are in place that support the new and adjusted lines of accountability and increased management responsibilities. 1.3. Programs that promote citizen's participation and protect people's rights 1.4. Both intra-SNA management systems and inter-governmental coordination systems are operational. 1.5. Gender equality standards incorporated in management systems of SNAs 1.6. Information Technology and Communication Program is instituted at SNAs. 1.7. Program for climate change mainstreaming in SNA planning, management and service delivery is implemented.	<ul style="list-style-type: none"> <li>• Percentage of councils reporting that they feel comfortable taking decisions without seeking approval from a higher level of government</li> <li>• Percentage of SNA budgets and plans that incorporate line departments' / offices' budgets and plans</li> <li>• Clear statement of goals and objectives produced with respect to accountability, and program for piloting experimental accountability mechanisms drawn up.</li> <li>• Percentage of citizens, including women and vulnerable groups, who are satisfied with the performance of their respective SNA</li> <li>• Percentage of citizens, including women and vulnerable groups, identifying the council as the body that sets the SNA mission and goal</li> <li>• Percentage of citizens, including women and vulnerable groups, who report participation in council decision making across specified range of issue areas</li> <li>• Percentage of citizens, including women and vulnerable groups, who report participation in evaluation of council performance defined as part of the</li> </ul>	<ul style="list-style-type: none"> <li>• Decrees, sub-decrees and prakas that clearly establish the roles, relationships and administrative responsibilities of SNAs are in place by 2010.</li> <li>• Primary roles and rights of each tier are determined and codified.</li> <li>• Councils are given administrative discretion to establish their respective operating procedures in compliance with national laws.</li> <li>• SNA officials receive the necessary training and technical support to define and develop the SNA organizational structure.</li> <li>• Guidelines are issued on access to information, and on a variety of mechanisms for ensuring citizens' participation and consultation on SNA plans and budgets and governance.</li> <li>• Guideline on promotion of gender equity and gender empowerment</li> <li>• Government's goals and objectives with respect to accountability are clarified.</li> <li>• Government operationalises goals and objectives with respect to accountability through a review of existing best practices in terms of mobilizing citizens' participation is undertaken, and use of this</li> </ul>

PA Objective	Outputs	Program Indicators	Key Assumptions
		accountability function <ul style="list-style-type: none"> <li>• Percentage of councils paid attention and supported in promoting gender equality and women's empowerment</li> </ul>	to inform a programme of piloting new accountability mechanisms <ul style="list-style-type: none"> <li>• Government experiments with inter-governmental accountability mechanisms as a precursor to establishing national operating procedures and guidelines</li> </ul>
2. To institute a highly motivated and professional civil service in sub-national administrations that is accountable to and managed by the Council.	2.1. Necessary legal framework for decentralized HRM established that enable councils to manage and control civil servants through an established fully functioning HR management system and structure. 2.2. Redeployment of line ministry personnel in accordance with functional transfer is completed through a transparent process. 2.3. Human Resource Development Program created 2.4. Human Resource Management and Capacity Development Programs are gender sensitive 2.5. SNA civil service professionalized	<ul style="list-style-type: none"> <li>• Percentage of men and women working in the SNA who are designated as council staff</li> <li>• Percentage of SNA staff, male and female, that received training.</li> <li>• Percentage of women in SNA's civil service</li> <li>• Percentage of women promoted and appointed in SNAs</li> <li>• Percentage of citizens, male and female reporting that the SNA staff is (1) helpful (2) respectful</li> <li>• Percentage of SNA budget spent on training and professional development</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer of authority for district and provincial personnel from MOI to respective SNAs completed in Platform 1.</li> <li>• Royal decree on specific statutes for SNA civil servants adopted in Platform 1.</li> <li>• NCDD and CAR and other institutions develop a strategy that over time increases merit based personnel management and development.</li> <li>• NCDD facilitates preparation of decrees and sub-decrees that give increasing authority and discretion over SNA staff (recruitment, promotion, discipline, firing and appointment) to Councils.</li> <li>• Guidelines to promote gender equality in SNAs in HR management and capacity development.</li> </ul>
3. To promote the delivery level and quality of public services through the transfer of functions corresponding with responsibility, authority and resources to carry out those functions.	3.1. Functions are reviewed and transferred in accordance with a uniform approach and process. 3.2. Responsibilities and authority for transferred functions occurs with no disruption in service provision. 3.3. Clear sectoral plans (inclusive of the review of sectoral laws) for transferring functions developed and implemented. 3.4. Transfer of functions promotes gender equality and increases responsiveness to	<ul style="list-style-type: none"> <li>• Percentage of functions transferred to local level (assigned or delegated to SNAs)</li> <li>• Percentage of functions transferred that are specified in sectoral plans</li> <li>• Percentage of functions transferred that are followed by responsibility, authority and resources</li> <li>• Percentage of population, including females and vulnerable group able to access/utilizing services:               <ul style="list-style-type: none"> <li>– Net enrolment ratio in primary and</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Procedures for function review &amp; transfer are adopted in 2010</li> <li>• The transfer of functions is coordinated with line ministries and that the transfer of functions is completed in a systematic manner and includes the transfer of corresponding responsibility, authority and resources.</li> <li>• A first package of functions for each SNA level is developed and transferred in 2010</li> <li>• An overall systematic process for</li> </ul>

PA Objective	Outputs	Program Indicators	Key Assumptions
	<p>vulnerable groups.</p> <p>3.5. Access and utilization of services in SNA are measurably improved in accordance with the citizen's needs, and accountable to the citizens</p>	<p>lower secondary education</p> <ul style="list-style-type: none"> <li>– Utilization of govt. health facilities: new consultations per person per year</li> <li>– Percentage children under one year immunized against measles</li> <li>– Percentage births attended by skilled health personnel</li> <li>– Percentage of population with access to safe/improved drinking water</li> <li>– Percentage of population with access to improved sanitation</li> </ul> <ul style="list-style-type: none"> <li>• Percentage of citizens who say they would go to councilors or SNA staff to address service issues</li> <li>• Percentage of national budget expanded by SNAs</li> <li>• Percentage of citizens and councilors who are aware of their rights and responsibilities in respect to evaluation of performance in service delivery</li> </ul>	<p>functional review is adopted by the NCDD in 2010</p> <ul style="list-style-type: none"> <li>• The preponderance of functions transferred are assigned.</li> <li>• Transfer of function from each line ministry is completed in accordance with the overall systematic process for functional review as required by the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans</li> <li>• Government clarifies the authority of citizens and Commune councils to evaluate performance in terms of service delivery.</li> </ul>
<p>4. To establish and institutionalize a functioning, coherent system to enable SNAs to obtain/raise adequate resources over which they have varying degrees of discretion; to allocate these funds in a transparent and accountable manner.</p>	<p>4.1. Establish a clearly defined development planning and budget system as well as an accounting system which promotes accountability and transparency and is consistent with PFM principles</p> <p>4.2. Finance, budget and asset management systems promote gender equality and increase responsiveness to vulnerable groups.</p> <p>4.3. SNAs can rely on efficient, responsive cash management and revenue system to ensure the smooth functioning of their operations and respect of their budget</p>	<ul style="list-style-type: none"> <li>• Percentage of SNA councils that produced and implemented a plan to review existing accountability mechanisms, and pilot experimental mechanisms, as a precursor to developing guidelines for citizens' and Commune councils' oversight of the budgets of higher level authorities.</li> <li>• Percentage of councils that have comprehensive SNA budgets/plans developed by SNA staff and reviewed and approved by the council</li> <li>• Percentage of SNA funds that are transferred on time</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial and discretionary authority over the budget and resources are transferred to SNAs.</li> <li>• Law on finance regime for SNAs adopted in 2010.</li> <li>• Regulations for development planning issued in 2010.</li> <li>• SNAs receive both conditional and unconditional transfers to perform their delegated and assigned functions in addition to their locally managed own sources of revenues.</li> <li>• Capacity development and TA is</li> </ul>



PA Objective	Outputs	Program Indicators	Key Assumptions
	<p>decisions.</p> <p>4.4. SNAs receive timely grant transfers, consisting of both unconditional and conditional grants, with adequate discretion in use and allocated based on transparent / objective criteria.</p> <p>4.5. Each tier of SNA is assigned specific own-source tax revenues -100Percentage or shared with another tier.</p> <p>4.6. SNAs receive and effectively manage appropriate non-tax revenues sources under their control.</p> <p>4.7. Communes and Sangkats in district ensured additional funds distributed in transparent / equitable manner.</p> <p>4.8. Property and assets required to carry out functions are transferred in a timely manner &amp; asset management systems are developed. .</p> <p>4.9. Transparent / effective procurement systems &amp; practices developed and institutionalized.</p> <p>4.10. Internal audit systems developed and institutionalized.</p> <p>4.11. MEF financial inspections of SNA to ensure compliance with law/statutory procedures are conducted according to rules and guidelines.</p> <p>4.12. National Audit Authority has capacity to carry out SNA audits.</p> <p>4.13. SNA can transparently plan and account for the cost of climate change</p>	<ul style="list-style-type: none"> <li>• Average Percentage of procurement irregularities found in the audit for previous year</li> <li>• Percentage of councils reporting that their SNA conducts and reports regularly on audits.</li> <li>• Percentage of male and female citizens who say they know who to ask about the amount and allocation of money in the SNA budget.</li> <li>• Percentage of SNA resources allocated to promote gender equality and women empowerment</li> <li>• Percentage of SNA expenditure related to: <ul style="list-style-type: none"> <li>– Infrastructure improvements</li> <li>– Education improvement</li> <li>– Health improvements</li> <li>– Water/sanitation improvements</li> </ul> </li> <li>• Percentage of citizens who have been involved in a review of budget and procurement performance.</li> </ul>	<p>adequately provided to each SNA including training on budget formulation responsive to gender issues.</p> <ul style="list-style-type: none"> <li>• Working procedures and roles for Finance Director and Procurement Committee for SNAs are defined.</li> <li>• Legal mechanism established that grants citizens access to financial information of SNA.</li> <li>• Goals and principles for downward accountability with respect to public financial management established.</li> </ul>

PA Objective	Outputs	Program Indicators	Key Assumptions
<p>5. To strengthen national institutions that will guide the implementation of the 10 Year Program and support SNAs.</p>	<p>5.1. NCDD adopts appropriate legal instruments and operational procedures relating to NP-SNDD policy commitments.</p> <p>5.2. Ministries assisted to develop structures and processes that reflect their new roles and responsibilities with respect to SNAs.</p> <p>5.3. An administrative mediation and conflict resolution mechanism instituted.</p> <p>5.4. NCDD M&amp;E unit reorganized to carry out the NP-SNDD M&amp;E program.</p> <p>5.5. Develop mechanisms and implement legality checks on sub-national legislative codification.</p> <p>5.6. Institutions to meet the ongoing development needs of individuals and institutions with responsibility at national and sub-national levels for sub-national democratic development are in place.</p> <p>5.7. Institutional environment for D&amp;D reform promotes gender equality and equity, and responsive to vulnerable groups</p> <p>5.8. Independent leagues and associations of SNAs have the capacity to provide demand based programs and are financially sustainable.</p>	<ul style="list-style-type: none"> <li>• Percentage of students graduating with degrees in public administration and policy, entering into service with SNA</li> <li>• Percentage of independent leagues and associations that have plans and budgets to provide support to SNAs</li> <li>• Percentage of citizens demonstrating understanding of gender equality in SNA governance</li> <li>• Percentage of SNAs with membership in an SNA association.</li> </ul>	<ul style="list-style-type: none"> <li>• National level institutions receive technical support necessary to adjust and reorient their organizations in line with principles of D&amp;D and OL.</li> <li>• Capacity development approaches are oriented to the distinct nature of sub-national administration.</li> <li>• Ministries developing internal capacity to address D&amp;D reform.</li> <li>• The PFM, PAR and other sectoral reforms enable the implementation of D&amp;D reform.</li> </ul>



# **Chapter 3**

## **PROGRAM AREAS**

## **CHAPTER 3 PROGRAM AREAS**

### **3.1. PROGRAM AREA 1: SNA ORGANIZATION DEVELOPMENT**

#### **3.1.1. Rationale**

To create and promote sustainable democratic development at sub-national level, the RGC is committed to assign roles and responsibilities as well as capacity to SNA councils in coordinating all public administration activities [those of the SNA and the line ministries/offices] in their jurisdiction. In this process, there is a need to re-structure SNA institutions based on principles of unified administration having council as the SNA head in coordinating public service provision and development in their jurisdiction and to promote accountability and responsiveness to the people. To support this, policy and guidelines for SNA institution establishment shall be developed based on these new lines of accountability, while the transfer of functions shall be determined on clear roles, functions, authority and resources to carry out their responsibility for coordinating the public administration activities in their territories. The more functions assigned to SNAs rather than delegated to SNAs, the greater discretion Councils have over resources.

The creation of councils at capital, provincial, municipal and district and khan level significantly modifies the lines of accountability for the existing administrations and changes the operating environment of the Commune and Sangkat councils. The establishment of the Councils requires a progressive modification of the role of line ministries and their relationship with sub-national administrations. Specifically, the line ministries will work more closely with the SNA councils as functions are transferred. The Technical Facilitation Committee serves as the primary coordinating vehicle for facilitating the work between these bodies of government at each SNA level.

The role and profile of each tier of SNAs will largely be defined by: (1) lines of accountability; (2) revenue sources and funding mechanisms; (3) the planning process, participation and citizen's rights; (4) methods of transferring functions and how those transferred functions are handled; (5) degree to which they are held responsible for the coordination of public administrative activities within their territory.

The interaction of these five elements will define the degree of autonomy of the SNA. Further, the interaction will influence how Council's make decisions, the resources they have to allocate and their ability to be responsive to citizen. Although Ministries do not have line units at Commune and Sangkat level, Communes and Sangkats will still be responsible for the coordination of the public administration activities within their respective territories. They will meet this responsibility through a variety of means, including: participation on technical facilitation committees of higher tier councils; and through the inclusion of Commune/Sangkat needs in development plans of higher tier councils in the development planning process.

The interaction of these five elements will be criteria used when establishing the operating and management systems and procedures of the SNA. Regardless of the specific role each tier of SNA assumes, a functioning administrative body is essential for them to address complex administrative and political relationships, in particular ensuring that SNAs are accountable and responsive to citizens, are result oriented and can efficiently deliver services.

The activities in Program Area 1 will build the capacity of each SNA to accommodate:

- Experimentation, piloting and review of new and adjusted lines of accountability;
- The exercise of increased and more complex responsibility, in particular as it relates to delivering services, managing personnel, and making allocative decisions with regard to financial resources and assets;
- Working in coordination with other tiers of SNAs, line offices, CSOs and the private sector;
- Defining their respective organizational mission, vision and goals, in particular as it relates to integrating women and women's issues and climate change into mainstream administrative programs and service related activities.

Activities in the early years will focus on transitioning from the existing system and creating new ones where none exist to support an initial transfer of functions together with corresponding personnel and revenues.<sup>12</sup> Operating procedures and management structures must be established, to provide the organizational infrastructure necessary for Councils, councils' committees, ministry's line offices and civil society to work effectively together. This infrastructure will facilitate both the relations among SNAs (intra-SNA relations) and the inter-governmental relations necessary for coordinated delivery of services and for making cross sector planning and allocative decisions.

As the sub-national organizations evolve, activities are planned that incorporate the use of information technology as conditions in each SNA allow. As these structures, systems, and procedures become increasingly functional, the focus of the program activities shifts to building the capacity of SNAs to plot their own organization mission, strategies and development. As program activities are implemented, SNAs will be able to focus on improving their performance which will subsequently improve the quality of services delivered. As the operating procedures and management systems materialize, the SNAs will be able to meet the standard for Performance and Accountability.

Program Area 1's objective is consistent with the Policy on Public Service Delivery adopted by the Council for Administrative Reform. Specifically Program Area 1 will allow the CAR methodology which addresses the need to change work process from functional to operational, to be achieved at the sub-national level.

### **3.1.2. Program Area Objective**

Program Area 1 objective is to create a functioning administration at the Commune, Sangkat, Khan, district, municipal, capital and provincial tiers of government that enables systematization of operating procedures and management practices necessary for transparent and accountable governance and service delivery by sub-national administrations.

### **3.1.3. Priorities**

The organizational development of the SNAs creates the administrative and management space for the integration of the human resources and financial management systems.

The overall program requirements for each Platform are defined in Table 3.1 **Logical Framework**, however, priority should be given to the following:

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<sup>12</sup> An analysis of functions and its transfer procedures will be developed in the first semester of 2010

### **A). Priorities at Commune/Sangkat Level**

**Platform 1:** Critical to the continued development within Communes and Sangkats will be the creation of the legally required support units at municipal and district level as defined in the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans. It will be necessary to define the difference in the support required for the Communes and for the Sangkats in districts versus the Sangkats that are part of the administrative territory of the Municipalities or Khans. Inherent in developing the support units is the transfer of responsibilities of the Provincial Technical Support Units and support deemed necessary by the provincial SNAs to the District and Municipal administrations.

It will also be a priority to develop and transfer a first package of functions to Commune councils. Functions may be selected from among functions already being implemented by Commune councils, but should not necessarily be limited to those functions.

**Platform 2:** It is anticipated that Communes and Sangkats will be recipients of transfer of some functions. However, due to limited administrative capacity and in consideration of economies of scale, it will be necessary to develop a sound intra-SNA and/or inter-governmental system of service delivery that is rule-based, includes strong mechanisms for accountability for performance of higher tier SNAs and utilizes various service delivery mechanisms such as contracts with private firms or service agreements with district/municipal administrations or Ministry line offices to ensure ongoing delivery of services.

### **B). Priorities at Municipal/District/Khan Level**

**Platform 1:** The district and municipal administrations have the least administrative infrastructure. It will be critical in Platform One to address these limits in order to accommodate the transfer of finances and personnel which correspond with the eventual assignment of functions, including the responsibility for direct service provision. In the short term, the administrative systems required should ensure that Councils can identify and plan for the development of their territories and make allocative decisions that reflect hard budget constraints. The development plans must reflect the Commune and Sangkat integrated plans as well as resources required to implement services for municipal, district and khan.

It will also be a priority outcome to develop and transfer a first package of functions for district and municipal councils. Functions may be selected from among functions already being implemented at those levels (such as functions related to One-Window Service and the District Initiative project), but should not necessarily be limited to those functions.

**Platform 2:** As the basic administrative systems for districts, municipalities and khan are operationalized, the Councils and staff should develop medium term organizational development plans that define the council's needs in preparing to receive the transfer of new functions.

### **C). Priorities at Capital/Provincial Level**

**Platform 1:** The focus of the immediate program support required by provinces and in Phnom Penh is the preparation of organizational development that defines the actions necessary to merge systems and personnel and a strategy for the development of the organizations' systems and procedures in line with functions currently carried out by capital and provincial governors.

It will also be a priority to develop and transfer a first package of functions to the Capital and provincial councils. Functions may be selected from among functions already being implemented at the Capital and provincial levels, but should not necessarily be limited to those functions.

**Platform 2:** Capital and provinces in particular will assume a greater role of coordinating provincial wide development demands. Instituting inclusive development processes and implementation plans which integrate regional needs with national policy will be required. Phnom Penh should focus on reviewing and adjusting its existing development strategy. First, it will need to focus on aligning the city's own organization as well as that of its constituent Khans and Sangkats in order to establish a new basis for the intra-SNA relations of Phnom Penh with its respective Khans and Sangkats. Second, the development strategy will need to adjust and adapt to the new development needs and transferred functions.

#### **3.1.4. Logical Framework**

The logical framework of program area 1 is given in the below Table 3.1.

**Table 3.1: Logical Framework of Program Area 1**

<b>Program Area 1: SNA Organization Development</b>		
<b>Objective of Program Area</b>	<b>Indicators</b>	<b>Key Assumptions</b>
To create functioning sub-national administration institutions through the establishment of a management system in line with the democratic participation principles	<ul style="list-style-type: none"> <li>• Percentage of councils reporting that they feel comfortable taking decisions without seeking approval from a higher level of government</li> <li>• Percentage of SNA budgets and plans that incorporate line departments' / offices' budgets and plans</li> <li>• Clear statement of goals and objectives produced with respect to accountability, and programme for piloting experimental accountability mechanisms drawn up.</li> <li>• Percentage of citizens, including women and vulnerable groups, who are satisfied with the performance of their respective SNA</li> <li>• Percentage of citizens, including women and vulnerable groups, identifying the council as the body that sets the SNA mission and goal</li> <li>• Percentage of citizens, including women and vulnerable groups, who report participation in council decision making across specified range of issue areas</li> <li>• Percentage of citizens, including women and vulnerable groups, who report participation in evaluation of council performance defined as part of the accountability function</li> <li>• Percentage of councils paid attention and supported in promoting gender equality and women's empowerment</li> </ul>	<ul style="list-style-type: none"> <li>• Decrees, sub-decrees and prakas that clearly establish the roles, relationships and administrative responsibilities of SNAs are in place by 2010.</li> <li>• Primary roles and rights of each tier are determined and codified.</li> <li>• Councils are given administrative discretion to establish their respective operating procedures in compliance with national laws.</li> <li>• SNA officials receive the necessary training and technical support to define and develop the SNA organizational structure.</li> <li>• Guidelines are issued on access to information, and on a variety of mechanisms for ensuring citizens' participation and consultation on SNA plans and budgets and governance.</li> <li>• Guideline on promotion of gender equity and gender empowerment</li> <li>• Government's goals and objectives with respect to accountability are clarified.</li> <li>• Government operationalises goals and objectives with respect to accountability through a review of existing best practices in terms of mobilizing citizens' participation is undertaken, and use of this to inform a programme of piloting new accountability mechanisms</li> <li>• Government experiments with inter-governmental accountability mechanisms as a precursor to establishing national operating procedures and guidelines</li> </ul>



Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
1.1. The fundamental organizational body of the SNA is established corresponding to expectations of respective levels.	<ul style="list-style-type: none"> <li>Promulgate necessary regulations for the C/S and Municipalities/ Districts to work together effectively.</li> <li>Merge parallel systems at provincial level into a unified administration system</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and implement all SNAs organizational development plans reflecting new authorities and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>SNAs organizational structure to accommodate new and existing responsibilities realigned and fully functioned to coordinate carry out and manage new functions, resources, authorities and responsibilities.</li> </ul>
1.2. Standard operating procedures and management systems are in place that support the new and adjusted lines of accountability and increased management.	<ul style="list-style-type: none"> <li>Codify and train SNA Staff on Standard Operating Procedures (SOPs) related to existing and new responsibilities of SNAs</li> <li>Pilot provincial record and information management systems</li> <li>Establish principles, goals and objectives of accountability, review existing accountability practices, and pilot accountability programme.</li> </ul>	<ul style="list-style-type: none"> <li>Institute SNAs mechanisms for ongoing assessment and revision of SOPs.</li> <li>Expand record and information management systems across provinces.</li> <li>Review pilot projects for establishing new mechanisms of accountability undertaken to inform revision of guidelines and standard operating procedures</li> </ul>	<ul style="list-style-type: none"> <li>Institute SNAs mechanisms for ongoing assessment and revision of SOPs.</li> <li>Roll out record and information management systems for all SNAs</li> <li>Establish new mechanisms of accountability and ongoing monitoring systems</li> </ul>
1.3. Programs that promote citizen's participation and protect people's rights.	<ul style="list-style-type: none"> <li>Develop guidelines on and train SNA Councils and staff in all aspects of citizen rights and involvement of citizens.</li> <li>Promulgate guidelines for citizens procedures for access to and release of public information.</li> <li>Develop and implement pilot projects for public consultation and other forms of participation in council meetings and decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Develop SNA comprehensive program that responds to citizens' rights and citizen engagement.</li> <li>Conduct SNA civic education programs on public access to information and citizen's participation rights in local governance.</li> <li>Strengthen the process for public consultation and other forms of participation in council meetings and decision-making, Review pilot projects and revise guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Develop information technology to support public information and citizen engagement programs.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
1.4. Both intra-SNA management systems and inter-governmental coordination systems are operational.	<ul style="list-style-type: none"> <li>Prepare guidelines and adopted that establish the sub-national intra-SNA management systems and clear inter-governmental systems.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement intra – SNA (such as service agreements between District and Commune or Sangkat) and inter-governmental relationship on an as needed basis.</li> </ul>	<ul style="list-style-type: none"> <li>Review and improve intra and inter-governmental relationship</li> </ul>
1.5. Gender equality standards incorporated in management systems of SNAs.	<ul style="list-style-type: none"> <li>Develop guidelines and procedures and training on increasing gender sensitivity in all SNAs.</li> </ul>	<ul style="list-style-type: none"> <li>Develop and conduct gender audit procedures at SNA level.</li> </ul>	Gender audit procedures rolled out
1.6. Information Technology and Communication Program is instituted at SNAs.	<ul style="list-style-type: none"> <li>Assess SNAs ITC capacity and develop ITC plans developed that correspond with new management responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Pilot test for the creation of an IT / OD Management Plan at Provincial level.</li> <li>Expand IT/OD management plans to scale at provincial level</li> </ul>	<ul style="list-style-type: none"> <li>Replicate IT / OD Management Plan at district level.</li> <li>Develop and implement SNA IT based on SNA ITC plans and capabilities.</li> </ul>
1.7. Program for climate change mainstreaming in SNA planning, management and service delivery is implemented.	<ul style="list-style-type: none"> <li>Develop climate change National Adaptation Assessment framework.</li> <li>Assess SNA capacity to establish climate change mitigation and adaptation plans,</li> <li>Develop guidelines and procedures and training on climate change mainstreaming in all SNAs</li> </ul>	<ul style="list-style-type: none"> <li>Adopt and implement all SNA mitigation and adaptation plans</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

## **3.2. PROGRAM AREA 2: HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT SYSTEMS**

### **3.2.1. Rationale**

This program area addresses both the management and development of human resources in SNAs to support the institutionalization process as described in the Program Area 1. To meet the Program Area objective, program activities are defined to address three aspects: (1) the progressive transfer of existing personnel from ministries to SNAs in accordance with the transfer of functions and resources; (2) creation of the SNA policies, procedures and programs to manage the personnel; and (3) capacity and programs necessary for SNAs to develop their human resources. These activities follow from the policy commitment that SNAs will increasingly exercise control over their personnel.

The management and development of the SNA human resources is critical to the delivery of services and democratic development. HR management systems reinforce a rules based civil service in which the staffing levels and assignment of personnel is transparent, merit based employment practices are carried out, and performance based promotion and disciplinary actions are utilized. This changes the incentives for civil servants, in time shifting their purpose from one of carrying out tasks to one of effective provider of public services.

Concurrent with the institutionalization of new human resource management practices is the need for identifying and creating HR development programs that build the professionalism of civil servants. Strengthening the capacity of the HR personnel to create human resource development will allow for capacity development programs to become demand driven. It is expected by Platform 2, that the HR offices of SNAs will be part of the institutional arrangement that defines the on going capacity development requirements for the NP.

### **3.2.2. Program Area Objective**

The Program Area 2 objective is to institute highly motivated and professional civil service in sub-national administrations that is accountable to and managed by the Council.

### **3.2.3. Priorities**

#### **A). Platform 1: Establish Legal Base for SNA Civil Service and HR Management**

In the initial years, program activities are designed to establish the basic operating and management procedures that facilitate the transfer of employees as functions are delegated or assigned and allow Councils to exercise oversight of employee performance and pay. To facilitate increasing control of civil service by Councils it will be necessary to put the legal framework in place.

#### **B). Platform 2: Create the capacity of SNAs to manage and develop human resources**

In successive years, program activities will build the capacity of human resource units within the SNAs in order for them to facilitate the capacity development and take on more complex Human Resource Management (HRM) responsibilities.

### **3.2.4. Logical Framework**

The logical framework of program area 2 is given in the below table 3.2.

Table 3.2: Logical Framework of Program Area 2

<b>Program Area 2: Human Resource Management and Development Systems</b>			
<b>Objective of Program Area</b>	<b>Indicators</b>		<b>Key Assumptions</b>
To institute a highly motivated and professional civil service in sub-national administrations that is accountable to and managed by the Council	<ul style="list-style-type: none"> <li>• Percentage of men and women working in the SNA who are designated as council staff</li> <li>• Percentage of SNA staff, male and female, that received training.</li> <li>• Percentage of women in SNA's civil service</li> <li>• Percentage of women promoted and appointed in SNAs</li> <li>• Percentage of citizens, male and female reporting that the SNA staff is (1) helpful (2) respectful</li> <li>• Percentage of SNA budget spent on training and professional development</li> </ul>		<ul style="list-style-type: none"> <li>• Transfer of authority for district and provincial personnel from MOI to respective SNAs completed in Platform 1.</li> <li>• Royal decree on specific statutes for SNA civil servants adopted in Platform 1.</li> <li>• NCDD and CAR and other institutions develop a strategy that over time increases merit based personnel management and development.</li> <li>• NCDD facilitates preparation of decrees and sub-decrees that give increasing authority and discretion over SNA staff (recruitment, promotion, discipline, firing and appointment) to Councils.</li> <li>• Guidelines to promote gender equality in SNAs in HR management and capacity development.</li> </ul>
<b>Outputs</b>	<b>Key Activities</b>		
	<b>Platform 1</b>	<b>Platform 2</b>	<b>Platform 3</b>
2.1. Necessary legal framework for decentralized HRM established that enable councils to manage and control civil servants through an established fully functioning HR management system and structure.	<ul style="list-style-type: none"> <li>• Develop necessary decrees, sub-decrees and guidelines that define HR policy and support functions of HR management.</li> <li>• Establish SNA have the systems and procedures to manage employee payroll and personnel records</li> <li>• SNA councils adopt clear job specifications, position requirements, and remuneration packages of their staff.</li> <li>• Implement guidelines to promote gender equity and women empowerment.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess, adopt and implement a comprehensive Equal Employment Opportunities Policy.</li> <li>• Develop a regular position classification and assignments review program in support of ongoing transfer of functions and performance review process.</li> <li>• SNA establishes an annual merit based performance review program.</li> <li>• SNAs establish a performance improvement program</li> <li>• Review guidelines to promote for gender equity and women empowerment.</li> </ul>	<ul style="list-style-type: none"> <li>• Institute decentralized HRM system and structure for SNAs that is functional.</li> <li>• Review guidelines to promote gender equity and women empowerment.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
2.2. Redeployment of line ministry personnel in accordance with functional transfer is completed through a transparent process.	<ul style="list-style-type: none"> <li>Develop and systematize redeployment plans in support of redeployment of ministry personnel.</li> <li>Transfer ministry personnel in line with transfer of functions.</li> </ul>	<ul style="list-style-type: none"> <li>Long term staffing plan developed and redeployments carried out that corresponds with Ministry transfer of functions strategies. (Cross-coordinate with PA 3).</li> </ul>	<ul style="list-style-type: none"> <li>Update staff plans to accommodate ongoing transfer of functions.</li> </ul>
2.3. Human Resource Development Program created.	<ul style="list-style-type: none"> <li>SNAs prepare and adopt a human resource development strategy</li> <li>Conduct an organizational HR capacity assessment program in support of a staff development program.</li> </ul>	<ul style="list-style-type: none"> <li>Implement and assess SNA HRD professional development program regularly.</li> <li>SNAs integrate professional development program with organization development strategy.</li> <li>Upgrade some SNAs towards a competency-based career development program.</li> </ul>	<ul style="list-style-type: none"> <li>Develop, implement and assess a competency-based promotion system.</li> <li>SNAs create employee team building programs that promote principles of professional service delivery, staff performance and gender-sensitivity.</li> </ul>
2.4. Human Resource Management and Capacity Development Programs are gender sensitive.	<ul style="list-style-type: none"> <li>Develop and model equal opportunity guidelines that promote gender equity and access to employment opportunities within SNAs.</li> <li>Mainstream gender policies through HR operating and management procedures.</li> <li>Adopt an affirmative program that enables women's entry into sub-national governance and promoting women in key decision-making positions.</li> </ul>	<ul style="list-style-type: none"> <li>Institute a gender performance audit to monitor progress in mainstreaming gender issues within SNAs.</li> <li>Develop and implement gender balance in recruited staff and in promotions.</li> <li>All SNA staff attended training in diversity, which includes gender equality and women empowerment.</li> </ul>	<ul style="list-style-type: none"> <li>Assess staff performance on promoting gender-equality.</li> <li>Implement awards and recognition programs for men and women 'gender champions'.</li> </ul>
2.5. SNA civil service professionalized.	<ul style="list-style-type: none"> <li>Provide training on new institutional responsibilities to staff integrated into SNA units.</li> </ul>	<ul style="list-style-type: none"> <li>Provide training on technical/professional skills for key SNA positions.</li> <li>Formulate and implement advanced degree curriculum of Sub-national administrations course of study.</li> </ul>	<ul style="list-style-type: none"> <li>Institute senior executive and administrator leadership capacity for Sub-national official positions.</li> </ul>

### **3.3. PROGRAM AREA 3: TRANSFER OF FUNCTIONS**

#### **3.3.1. Rationale**

There are two dimensions incorporated in the comprehensive program for the transfer of functions. The first dimension is the process by which the transfer of functions occurs and the second dimension reflects institutional requirements necessary to promote continual improvement of the quality of the services that reflect the responsibility of the SNA through the transfer of the function. In regard to the first dimension, an overall systematic process for functional review, approved by the NCDD, will be required that is based on government policy regarding state functional architecture and a common methodology for all Ministries to use, with opportunities for cross-learning among Ministries. The development of this overall process for functional review will not preclude the development and transfer in 2010 of a first package of functions to each level of council.

Executing the necessary action with regard to the transfer of functions and institutionalizing an ongoing improvement of services will require coordination with sector strategies for service improvements. Coordination will be carried out through the work of the NCDD Sub-committee on Functions and Resources involve the D&D working groups and be supported by the Inter-ministerial Division of the NCDD Secretariat. Further, representative from the National League for Communes and Sangkats will hold seats on the NCDD Sub-committee Functions and Resources, and thus will be able to advocate for the SNAs. Improvement of services must also be a bottom-up process and, therefore, strong mechanisms of accountability must be in place that citizens, civil society and Commune/Sangkat councils can utilize to demand improved performance in service provision.

#### **A). Transfer of Functions**

A function is a government activity that addresses a community need through sustained actions that provide a benefit in the community over time. Further, the transfer of a function carries with it, and therefore must include the transfer of:

- the responsibility by law to identify and address unmet needs and risks or dangers related to the function, and
- the right by law to control, command, or determine activities as necessary to meet that responsibility, with activities covering a range of issues including the establishment of policy, defining and implementing a program and providing a service.

The transfers will be made to each tier of sub-national administration as per the principles set out in Article 220 of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans and Article 44 of the Law on the Administration of Communes and Sangkats, the Strategic Framework for D&D Reform 2005 and the National Strategic Development Plan. Therefore, it is necessary to ensure that principles of functional transfer do not prevent the transfer of functions to Commune and Sangkats.

The Transfer of functions will impact greatly on SNA operations as already described in Program Area 1. A basis for developing functional transfer policy, critical and in-depth analysis is required as different levels of administrations face different conditions that must be considered – i.e., proximity to citizens, economies of scale, allocative efficiency and cross boarder externalities.

Past experiences show that internationally, functions are more often deconcentrated (rather than decentralized) where the impacts affect more than one province (water or air quality); the solution is innovative and/or untested; or the solutions are unknown and efficiency is the key factor. However, functions can or would be decentralized where issues of sub-national importance predominate (urban growth management or potable water supply); some variation and diversity in response is acceptable; the impacts are reasonably localized (local access road); a solution is tested; and responsiveness is as or more important than efficiency.

The functional review process must be systematized, reasonable and sustainable and must be grounded in the rule of law. An overall systematic process for functional review is required that is based on government policy regarding state functional architecture and a common methodology to be used by all Ministries, with opportunities for cross-learning among Ministries. The actual transfer of functions shall be aligned with:

- the establishment of the SNA governing structure (PA1),
- the transfer of personnel and development of personnel management systems (PA2), and
- the transfer of financial resources and establishment of budget and asset management systems (PA4).

Further, it requires that ministries adjust their missions, organizations and procedures to reflect the transfer of responsibility and resources to SNAs. It will be necessary to ensure that these actions occur in a consistent, coordinated and consultative manner. Further, they must be carried out with the proper technical analysis. The actual transfers must align with the annual budget cycle so that financial resources can be appropriated to the recipient SNA budget. The regulations drafted for each of the actual transfers will specify the tier to which the function and sub-functions are transferred. Preparation of the regulations should be part of the legal action plan that will be prepared by NCDD per Program Area 5.

## **B). Service Improvement Programs**

Transferring of functions brings the decisions about the quality, access and quantity of services closer to the people and as such, establishes the structural foundation for more effective use of resources. Transferring of functions in and of themselves is not sufficient for ongoing improvement of service delivery. It will be necessary for the SNAs to develop mechanisms and programs that lead to ongoing improvements in services. Programs and mechanisms that are conducive to improving services are many. Mechanisms include working with NGOs and civil society organizations in jointly providing services, contracting with private firms for service provision and negotiating agreements with other administrative bodies. Decisions with regard to the quality and quantity must reflect the expectations of the citizens through transparent participation process. Mechanisms of accountability for citizens and Commune/Sangkat councils that incorporate sanctions for poor performance of SNAs in service delivery, therefore, will be critical.

The degree to which Councils can take action and be held responsible for the quality of services will correspond to the way in which functions are transferred. Delegated functions will require Councils to work in closer cooperation with line offices of ministries that are involved in the sector. Functions that are assigned place the largest share of the responsibility on the Council and the SNA itself.

### **3.3.2. Program Area Objective**

Program Area 3 objective is to promote the delivery level and quality of public services through the transfer of functions corresponding with responsibility, authority and resources to carry out those functions.

### **3.3.3. Priorities**

#### **A). Platform 1**

##### **A-1). Developing policy regarding state functional architecture**

Ultimately a strategic decision is required with regard to state functional architecture (the role / purpose of each tier of SNA) vis-à-vis the effective delivery of a service and in accordance with the principle of subsidiarity for transfer of functions as stated in the Organic Laws, the D&D Strategic Framework and NSDP. This decision shall be made by RGC informed by the NCDD. A basis for this policy is set out in Section 1.2 of Chapter 1. The Ministries of Planning and MEF in their roles as advisers on the use of budget resources shall be involved in accordance with clear development visions. Mechanisms need to be put in place to review, analyze and determine which functions could be transferred to which level of SNAs. The need to develop this policy should also not preclude the transfer of a first set of functions to each level of council.

##### **A-1). Develop and transfer a first package of functions to each level of council**

Experience and learning will be captured from functions that have already been implemented at sub-national levels, including Commune/Sangkat level. The information gathered will inform the development of a first package of basic functions for each level of council to be transferred, enabling SNAs to learn by doing in the new democratic and accountability environment.

##### **A-3). Ensure that the transfer of functions including the transfer of corresponding responsibility, authority and resources, is undertaken in partnership with line ministries, that the transfer of functions is completed in accordance with an overall systematic approach and in a timely manner**

The functional review process would be a joint exercise of concerned ministries and entities, NCDD/Sub-committee on Functions and Resources, member ministries through D&D working groups, and NCDD support mechanisms. Functions being analyzed for the transfer have to be defined as obligatory or permissive. An overall systematic process for functional review will be designed and approved by the NCDD, that is based on government policy regarding state functional architecture and a common methodology for use by all Ministries, with opportunities for cross-learning among Ministries. The need to develop this policy will take into account the transfer of a first set of functions to each level of council.

Functions that are transferred as part of the first packages of functions and functions that have been proposed to be transferred in Platform 1 would meet the criteria as shown in the list below:

- Current delegated functions of province/district governors, including those associated with pilots (i.e. One-Window Service and District Initiative project)
- There are easily identifiable financial resources and/or fees / other dedicated funds being collected to implement the functions
- It is easy to identify the personnel to be transferred



- There is minimal technical complexity required to perform the functions
- High local priorities from citizens
- Demand from sub-national administrations
- Special attention must be paid to functions related to climate risk management.

#### **A-4). Ongoing support to ministries**

As progress is made, program activities also must address the changing role and relationship line ministries will have with the SNAs. The transfer of functions requires that ministries' roles and relations must be adjusted. Ministries become a part of the enabling environment in support of SNAs which may require amendments to ministerial legislation.

#### **B). Platform 2**

##### **B-1). Ongoing review and continual action of transfer process**

Over time it will be necessary to monitor the transfer of functions and consider the changing demographic and migration patterns which affect the demand for services in the capital, provinces, districts, municipalities, khans, Communes and Sangkats.

##### **B-2). Develop continual service improvement programs within SNAs**

The transfer of functions must be accompanied by steps taken by councils that ensure the ongoing improvement of service delivery. Service improvement involves making decisions about the assignment of personnel and the allocation of resources for operation, maintenance and capital needs related to a specific service. Service improvement programs should be a part of the 3-year development programs and must be reflected in the annual operating and capital budgets of the SNA. Improvement of services must also be a bottom-up process and, therefore, strong mechanisms of accountability must be put in place that citizens, civil society and Commune/Sangkat councils can utilize to demand improved performance in service provision.

#### **3.3.4. Logical Framework**

The Logical framework of program area 3 is given in the below table 3.3.

**Table 3.3: Logical Framework of Program Area 3**

<b>Program Area 3: Transfer of Functions</b>		
<b>Objective of Program Area</b>	<b>Indicators</b>	<b>Key Assumptions</b>
Promote the delivery level and quality of public services through the transfer of functions to SNAs, with the corresponding responsibility, authority and resources to carry out those functions	<ul style="list-style-type: none"> <li>• Percentage of functions transferred to local level (assigned or delegated to SNAs)</li> <li>• Percentage of functions transferred that are specified in sectoral plans</li> <li>• Percentage of functions transferred that are followed by responsibility, authority and resources</li> <li>• Percentage of population, including females and vulnerable group able to access/utilizing services: <ul style="list-style-type: none"> <li>– Net enrolment ratio in primary and lower secondary education</li> <li>– Utilization of govt. health facilities: new consultations per person per year</li> <li>– Percentage children under one year immunized against measles</li> <li>– Percentage births attended by skilled health personnel</li> <li>– Percentage of population with access to safe/improved drinking water</li> <li>– Percentage of population with access to improved sanitation</li> </ul> </li> <li>• Percentage of citizens who say they would go to councilors or SNA staff to address service issues</li> <li>• Percentage of national budget expanded by SNAs</li> <li>• Percentage of citizens and councilors who are aware of their rights and responsibilities in respect to evaluation of performance in service delivery</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures for function review &amp; transfer are adopted in 2010</li> <li>• The transfer of functions is coordinated with line ministries and that the transfer of functions is completed in a systematic manner and includes the transfer of corresponding responsibility, authority and resources.</li> <li>• A first package of functions for each SNA level is developed and transferred in 2010</li> <li>• An overall systematic process for functional review is adopted by the NCDD in 2010</li> <li>• The preponderance of functions transferred are assigned.</li> <li>• Transfer of function from each line ministry is completed in accordance with the overall systematic process for functional review as required by the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans</li> <li>• Government clarifies the authority of citizens and Commune councils to evaluate performance in terms of service delivery.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
3.1. Functions are reviewed and transferred in accordance with a uniform approach and process.	<ul style="list-style-type: none"> <li>• Develop transparent and consultative process for analysis of transfer of functions (including the strengthening of roles and responsibilities of NCDDS, Functions and Resources subcommittee, and respective ministries' D&amp;D WGs).</li> <li>• Develop guidelines on criteria for first package of functions to be transferred</li> <li>• Capture experience and learning regarding functions being implemented at sub-national levels (including pilots, e.g. One-Window Service, ICC)</li> <li>• Identify and transfer of first package functions including appropriate functions on climate change issues to councils of each SNA tier</li> <li>• Review pilot mechanisms for all levels of sub-national councils to evaluate sectoral plans and sub-national performance in relation to the plans, with the weight of authority at Commune level.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and evaluate functional review process of first package of functions and transfer additional functions to SNAs</li> <li>• Review and adjust functions being proposed for transfer by line ministries and agencies</li> <li>• Review mechanisms for all levels of sub-national councils to evaluate sectoral plans and sub-national performance in relation to the plans, with the weight of authority at Commune level.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue the review on functional transfer process to ensure that by the end of the NP, basic public service and local economic development functions shall have been transferred to SNAs.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
3.2. Responsibilities and authority for transferred functions occurs with no disruption in service provision.	<ul style="list-style-type: none"> <li>• Transfer resources (both finance &amp; personnel) with the transfer of function.</li> <li>• Develop and constitute mechanisms to monitor and review the implementation of transferred functions</li> <li>• Develop and pilot public service standards of the transferred functions.</li> </ul>	<ul style="list-style-type: none"> <li>• Define and demarcate clear line of authorities for different SNAs &amp; national ministries</li> <li>• Determine clear lines of accountability among councils, board of governors and council personnel</li> <li>• Assign or delegate more obligatory functions with clear demarcation of responsibilities and authorities between different levels of SNAs</li> <li>• Review and evaluate Sectoral Service Standards for SNAs.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust existing functions already transferred to SNAs</li> <li>• Assign or delegate more obligatory functions with clear demarcation of responsibilities and authorities between different levels of SNAs</li> <li>• Develop service standards for additional functions to be transferred.</li> </ul>
3.3. Clear sectoral plans (inclusive of the review of sectoral laws) for transferring functions developed and implemented.	<ul style="list-style-type: none"> <li>• Support line ministry D&amp;D working group to lead respective function transfer analysis</li> <li>• Mobilize technical &amp; financial support from DPs in mapping and reviewing respective sector functions mobilized.</li> <li>• Align sectoral plans, programs and strategies with NP-SNDD.</li> <li>• Constitute support mechanisms to ensure the alignment of SNAs and line office roles &amp; responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Streamline integrated support to SNAs for greater impact</li> <li>• Review and amend sectoral laws with the Laws on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans and on Management and Administration of Commune/ Sangkat.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust sectoral plan for additional transfer of functions</li> <li>• Align and amend all sectoral laws with the Laws on Management and Administration of Capital, Province, Municipal, District and Khan and on Management and Administration of Commune/Sangkat.</li> </ul>
3.4. Transfer of functions promotes gender equality and increases responsiveness to vulnerable groups.	<ul style="list-style-type: none"> <li>• Define functions, responsibilities and accountability of WCCC, ensuring gender balanced quorum in gender mainstreaming efforts and to strengthen inter-governmental linkages and horizontal coordination, and the promotion of accountability to citizens.</li> </ul>	<ul style="list-style-type: none"> <li>• Define and implement functions, responsibilities and accountability for policy to promote gender equality and women's empowerment in SNAs.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust functions, responsibilities and accountability for policy to promote gender equality and women's empowerment in SNAs.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
3.5. Access and utilization of services in SNA are measurably improved in accordance with the citizen's needs, and accountable to the citizens	<ul style="list-style-type: none"> <li>• Create incentives to improve service delivery quality</li> <li>• Institute SNAs alternative service delivery agreements with private sector, NGOs, and other government offices in place.</li> <li>• Clarify actors who have authority to evaluate performance in service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and implement plans for service delivery improvements with regard to personnel and financial resource allocation</li> <li>• Develop mechanisms for reviews of the quality of service provision to take place in public hearings or in Commune/Sangkat council meetings</li> <li>• Experiment with other mechanisms for promoting citizens' authority to evaluate performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust mechanisms for reviews of the quality of SNA service provision.</li> </ul>

### **3.4. PROGRAM AREA 4: SUB-NATIONAL BUDGET, FINANCIAL AND PROPERTY MANAGEMENT SYSTEMS**

#### **3.4.1. Rationale**

Sub-national budget, finance and property is a complex multi-faceted area, in which SNA systems will need to respect existing public finance system rules while at the same time ensuring an evolution/application of these rules consistent with the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans and forthcoming Law on Financial Regime and State Property Management for SNAs. This program area is fully linked with the Objective 27 of the Public Financial Management Reform Program (PFMRP). As indicated in the Log Frame for Program Area 4, a key assumption is that the Law on Financial Regime and State Property Management for SNAs will be adopted during 2010; if this does not prove to be the case, it will be urgent and imperative to address key budget, treasury and accounting processes as well as unconditional and conditional transfer rules via temporary decrees or other appropriate regulations.

**Program Area Context:** Implementation of Program Area 4 cannot be successful if the other Program Areas are not also successful. Accountable financial management involving greater decision-making authorities by SNAs requires qualified and motivated personnel. Additional financial resources and discretion over them will not serve their intended purpose if significant functions, with associated responsibility, authority and accountability have not also been transferred to them. Finally, mechanisms for downward accountability must be sufficiently robust to ensure that SNAs serve as good stewards and managers of public financial resources in addressing the expressed needs of citizens.

The PFMRP was launched in 2005 based on the RGC observation that

*“...effective and efficient public financial management is the necessary core foundation for country development and poverty reduction of the people especially through ensuring sustainable economic growth and improving efficiency of public services”.*

Stage 2 of PFMRP Platform 2 is building on the new-found budget credibility in order to achieve better financial accountability. This goal implies that all actors responsible for using budget resources should be involved in the PFM reform, not just MEF, but also the line Ministries and the sub-national administrations.

Objective 27 of the PFMRP is to strengthen and develop fiscal decentralization policy and strategy; it was elaborated prior to adoption of the Law. The implementation plan for program area 4 of the NP-SNDD incorporates the need to review and adapt Objective 27 and incorporate its key activities in the NP-SNDD.

At the same time PFMRP Stage 2 Platform 2 objectives which are under the purview of other key departments will ultimately require some adaptation in their activities in order to fully establish and strengthen a sub-national financial, budget and asset management regime. Key MEF departments where PFMRP will intersect with the NP-SNDD include: Treasury, Budget Department, Department of Investment and Cooperation, Procurement Department, State Property Department, General Department of Taxation; Non-Tax Revenue Department. These actions will be defined in line with the forthcoming Draft Law on Financial Regime and State Property Management for Sub-national Administrations and its various implementing legal instruments, decrees and guidelines.

In terms of sector reforms and management, the line Ministries will simultaneously be:

- building on greater budget predictability to develop internal resource management mechanisms implying greater visibility and transparency and,
- transferring functions to sub-national administration.

Thus the alignment of D&D and PFM reform programs will need to be articulated not only between MoI and MEF through the NCDD, but also within each line Ministry as functions are transferred to sub-national administrations.

Accountability is a key underlying theme of Program Area 4. Internal accountability is to be ensured via internal audit operations, and most significantly, via the relations and processes between council and BoG/Administration in respect to budget implementation. Accountability at the intra-SNA level is of particular interest in respect to the sharing of specified revenues between districts and the Communes/Sangkats within the district. Inter-governmental accountability is exercised through MEF financial inspections and NAA audits of SNA financial performance. Finally, accountability to citizens is established in respect to budget development, choices, and implementation; as well as via public hearings related to budget, investment, and development issues.

### **3.4.2. Program Area Objective**

Program Area 4 objective is to establish and institutionalize a functioning, coherent system to enable SNAs to obtain/raise adequate resources over which they have varying degrees of discretion; to allocate these funds in a transparent and accountable manner

### **3.4.3. Priorities**

#### **A). Platform 1**

A key prerequisite which underlies each priority outcome and output for the short-term is the adoption of the Law on Financial Regime and State Property Management for SNAs. Should this law not be adopted by end 2010, interim budget, finance, accounting and property policies will need to be developed. Should that be the case, it will be important that these be developed and acted on as purely transitional expedients. The goal should be to adopt and put into place the necessary legislation, as mandated by the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, as quickly as is feasible.

#### **A-1). Establish basic budget development, adoption, implementation and reporting systems**

Although the functional transfers will be an ongoing process, it will be critical to establish as early as possible the budget formats, preparation and adoption procedures and budget implementation systems, linked with accounting and cash management, in order for SNAs to adequately carry out their new functions and provide the services expected of them. Although, as is anticipated, these systems shall be consistent with national public finance procedures, they shall also mirror new approaches as established under PFMRP reforms and reflect the specific conditions / situation of SNA operations and management. In the first period, greatest focus should be placed on the districts and the municipalities.

**A-2). Ensure that key personnel to carry out appropriate budget, cash management and procurement processes are in place and trained.**

SNAs cannot carry ensure their budget, finance and accounting needs and responsibilities without adequate staff with requisite skills and training. Therefore, considerable attention should be paid and support given by the relevant departments of MEF and MOI to each Council to secure the appointment of a qualified chief of finance for each SNA, as well as sub-provincial accountants. Support for basic professional training as well as capacity development related to new budget and accounting systems and procedures as they are developed will be essential. SNAs should seek to benefit from the accounting training program being developed under Stage 2 of the PFM RP.

**A-3). Lay down the framework for a stable, predictable, and transparent revenue system**

In the first period of the National Program implementation, attention shall be given to (i) the development of systematic procedures for identification/calculation of resources associated with the transfer of functions, in order to establish transparent formulas with objective criteria; (ii) development of unconditional transfers for Capital/Provinces and Districts/Municipalities, which should acknowledge socio-economic characteristics; (iii) identification of non-tax charges and fees associated with transferred functions.

Initial work begins with the development of policy on the own-source tax revenues of SNAs, including those which are to become the object of transfers from the Districts to their constituent Communes and Sangkats. At the same time, there is a need to clarify goals and principles with respect to downward accountability for public spending and budget management.

**A-4). Ensure a smooth asset transfer process**

Effective implementation of the SNAs functions subsequent to their transfer requires that the associated assets be transferred, along with adequate revenues to operate and maintain those assets. The Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans provides considerable detail as to the procedures for the transfers of assets to SNAs, it will be the responsibility of the NCDD to ensure that these procedures are followed by the respective line Ministries.

**B). Platform 2**

**B-1). Ongoing review and continual support for basic budget, accounting and cash management processes.**

Given the considerable challenge of setting up SNA appropriate and adequate budget, accounting, financial and cash management systems and reviewing the chart of accounts for Communes/Sangkats, periodic policy and action review should be conducted in order to determine: (i) potential problems such as: rules or their interpretation; (ii) gaps in developing systems or procedures; (iii) weaknesses due to management or implementation capacity. Based on the findings, corrective actions should be engaged, such as modification of relevant policies, or additional/targeted training of SNA officials.



**B-2). Increase discretion margins of SNAs in line with function transfers and improved SNA management capacities**

In the medium-term period, the overall outline of the SNA revenue system should be further drawn so that: (i) sector conditional transfers can be merged; (ii) some conditional transfers be considered for conversion to unconditional transfers; (iii) SNA discretion for establishing rates of own non-tax fees and charges be instituted; (iv) provision for analyzing SNA's discretion in setting rates of own tax revenues within ranges of rates set by the national level.

**B-3). Ongoing review and support to SNA asset management systems and capacities**

Once the bulk of key functions have been transferred or identified for transfer and associated assets also transferred, attention must be given to the timely and accurate inventory of SNA assets and their efficient management. The development of these systems will also have to account for those assets which were built / created/mobilized/acquired by SNAs themselves. Consideration should also be given to the review of rules on how assets are used, their use modified.

**B-4). Development of internal and external audit and accountability systems**

Legal, administrative and political accountability of SNAs for the management of their finances will be one of the key points on which the success or failure of the D&D reform will be judged. The strong pillar of adequate and functioning budget, financial management and accounting systems are a pre-requisite. Subsequently, attention can be turned to establishing the internal audit systems/procedures and staff of SNAs and to ensuring that adequate / appropriate audit capability exists both in the National Audit Authority and the relevant departments of the MEF. Experimentation with the use of social audits, public expenditure tracking and budget debates in pilot projects to evaluate their utility as a means of downward accountability for public financial management.

**3.4.4. Logical Framework**

The Logical framework of program area 4 is given in the below table 3.4.

**Table 3.4: Logical Framework of Program Area 4**

<b>Program Area 4: Sub-National Budget, Financial and Property Management Systems</b>		
<b>Objective of Program Area</b>	<b>Indicators</b>	<b>Key Assumptions</b>
To establish and institutionalize a functioning, coherent system to enable SNAs to obtain/raise adequate resources over which they have varying degrees of discretion; to allocate these funds in a transparent and accountable manner.	<ul style="list-style-type: none"> <li>• Percentage of SNA councils that produced and implemented a plan to review existing accountability mechanisms, and pilot experimental mechanisms, as a precursor to developing guidelines for citizens' and Commune councils' oversight of the budgets of higher level authorities.</li> <li>• Percentage of councils that have comprehensive SNA budgets/plans developed by SNA staff and reviewed and approved by the council</li> <li>• Percentage of SNA funds that are transferred on time</li> <li>• Average Percentage of procurement irregularities found in the audit for previous year</li> <li>• Percentage of councils reporting that their SNA conducts and reports regularly on audits.</li> <li>• Percentage of male and female citizens who say they know who to ask about the amount and allocation of money in the SNA budget.</li> <li>• Percentage of SNA resources allocated to promote gender equality and women empowerment</li> <li>• Percentage of SNA expenditure related to: <ul style="list-style-type: none"> <li>– Infrastructure improvements</li> <li>– Education improvement</li> <li>– Health improvements</li> <li>– Water/sanitation improvements</li> </ul> </li> <li>• Percentage of citizens who have been involved in a review of budget and procurement performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial and discretionary authority over the budget and resources are transferred to SNAs.</li> <li>• Law on finance regime for SNAs adopted in 2010.</li> <li>• Regulations for development planning issued in 2010.</li> <li>• SNAs receive both conditional and unconditional transfers to perform their delegated and assigned functions in addition to their locally managed own sources of revenues.</li> <li>• Capacity development and TA is adequately provided to each SNA including training on budget formulation responsive to gender issues.</li> <li>• Working procedures and roles for Finance Director and Procurement Committee for SNAs are defined.</li> <li>• Legal mechanism established that grants citizens access to financial information of SNA.</li> <li>• Goals and principles for downward accountability with respect to public financial management established.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
4.1. Establish a clearly defined development planning and budget system as well as an accounting system which promotes accountability and transparency and is consistent with PFM principles	<ul style="list-style-type: none"> <li>• MEF adopts Prakas for SNA MTEF and annual budget format/process</li> <li>• MEF adopts prakas for SNA budget. format/classification</li> <li>• Train SNAs on MTEF/Budget development.</li> <li>• SNAs prepare development / investment plan linked to budget process</li> <li>• MEF adopts regulations for SNA budget execution reporting and accounting formats</li> <li>• Train SNAs on budget execution and reporting</li> <li>• Clarify goals and principles for downward accountability and review existing practices.</li> <li>• Consider possibility of awarding Commune councils the right to participate and advise on budgets submitted by higher level councils.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust capital, province, municipal, district and khan budget preparation / adoption / implementation process</li> <li>• Review and adjust Commune/Sangkat budget preparation / adoption/ implementation process</li> <li>• Review development/investment planning and link to budget processes and budget execution</li> <li>• Evaluate development plans for consistency with transfer of functions.</li> <li>• Training and support to SNAs on plans and budgets</li> <li>• Pilot projects to experiment with different forms of downward accountability.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate of SNA development and investment planning processes effectiveness</li> <li>• Continue to evaluate development plans for consistency with transfer of functions.</li> <li>• Training and policy adjusted for SNA budget execution</li> <li>• Promulgation of downward accountability guidelines and mechanisms.</li> </ul>
4.2. Finance, budget and asset management systems promote gender equality and increase responsiveness to vulnerable groups.	<ul style="list-style-type: none"> <li>• Develop gender-responsive fiscal policies, budgeting procedures and guidelines</li> <li>• Provide resources for Women/children consultative committees to carry out their role.</li> </ul>	<ul style="list-style-type: none"> <li>• Review and evaluate gender-responsive fiscal policies at SNA</li> <li>• Study on impact of fund allocations for gender activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing review of gender-responsive fiscal policy.</li> </ul>
4.3. SNAs can rely on efficient, responsive cash management and revenue system to ensure the smooth functioning of their operations and respect of their budget decisions.	<ul style="list-style-type: none"> <li>• MEF adopts guidelines on public accountants</li> <li>• Study the possibility to create sub-provincial Treasury office (municipal/district level)</li> <li>• Study and examine commercial</li> </ul>	<ul style="list-style-type: none"> <li>• Review cash management process / role of commercial banks</li> <li>• Review C/S Chart of Accounts and aligned with C/S budget / accounting systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Re-assess cash management systems at sub-national level</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
	bank options.		
4.4. SNAs receive timely grant transfers, consisting of both unconditional and conditional grants, with adequate discretion in use and allocated based on transparent/objective criteria.	<ul style="list-style-type: none"> <li>Develop and implement regulations/guidelines on design/administration of unconditional and conditional grant transfers</li> <li>Merge conditional transfers as functions are transferred.</li> </ul>	<ul style="list-style-type: none"> <li>Review and adjust conditional transfers linked to functional transfer</li> <li>Put in place budget pool for subsequent 3-year period</li> <li>Review implementation of SNA unconditional grant conducted and adjustments as necessary made.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to review and adjust the implementation of SNA unconditional grant</li> <li>Continue budget pool for subsequent 3-year period</li> <li>Continue the merging of funds if determined efficient for related sectors and/or conversion to unconditional grant transfer.</li> </ul>
4.5. Each tier of SNA is assigned specific own-source tax revenues -100Percentage or shared with another tier.	<ul style="list-style-type: none"> <li>Define policy for SNA own-source local taxes</li> <li>Formulate and adopt Law on types of local own sources with related details in implementing instruments.</li> </ul>	<ul style="list-style-type: none"> <li>Review policy on types on 1 own-source local taxes with special consideration given to effectiveness of national collection, information sharing and accountability</li> </ul>	<ul style="list-style-type: none"> <li>SNAs obtain discretion on rates of own source tax revenues within national set rates</li> </ul>
4.6. SNAs receive and effectively manage appropriate non-tax revenues sources under their control.	<ul style="list-style-type: none"> <li>SNAs oversee and demand accountability for revenues collected by other entities.</li> <li>Formulate and implement regulations on types, rates and mechanisms for fees and non-tax revenues.</li> </ul>	<ul style="list-style-type: none"> <li>Review regulations on types, rates and mechanisms of SNA non-tax fees/charges</li> </ul>	<ul style="list-style-type: none"> <li>Continue to review regulations on types, rates and mechanisms of SNA non-tax fees/charges</li> </ul>
4.7. Communes and Sangkats in district ensured additional funds distributed in transparent/equitable manner.	<ul style="list-style-type: none"> <li>Based on own-source revenue policy, issue joint MEF/MoI regulations for revenue sharing between district and Commune/Sangkats within a district</li> </ul>	<ul style="list-style-type: none"> <li>Review regulations on revenue sharing between district and Communes/Sangkats within a district, with clear formula</li> </ul>	<ul style="list-style-type: none"> <li>Continue to review and adjust regulations on revenue sharing between district and Communes/Sangkats within a district, with clear formula</li> </ul>
4.8. Property and assets required to carry out functions are transferred in a timely manner & asset management systems are developed.	<ul style="list-style-type: none"> <li>Develop and implement SNA asset management regulations</li> <li>Train SNAs in transparent and accountable property management and decision making.</li> <li>Establish and apply asset transfer</li> </ul>	<ul style="list-style-type: none"> <li>Review and evaluate asset transfer process</li> <li>Review and evaluate regulations related to SNA management of assets</li> <li>Continue to provide capital and</li> </ul>	<ul style="list-style-type: none"> <li>Review and evaluate SNA asset management register / annual asset reporting</li> <li>Train SNAs on advanced asset management.</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
	<p>protocols to first wave of function transfer established and applied.</p> <ul style="list-style-type: none"> <li>• Provide capital and maintenance funds to SNAs for upkeep the assets</li> <li>• Implement the monitoring process to ensure transfer of functions effectively accompanied with associate assets and financial means</li> <li>• MEF issues guidelines (format &amp; modalities) to operate the SNA Assets Register.</li> <li>• Establish systems / protocols for asset management reporting.</li> </ul>	<p>maintenance funds to SNAs for upkeep the assets</p>	
4.9. Transparent/effective procurement systems & practices developed and institutionalized.	<ul style="list-style-type: none"> <li>• MEF-MOI issue joint Prakas of guidelines for Procurement Committee.</li> <li>• Train SNAs on procurement aspects</li> </ul>	<ul style="list-style-type: none"> <li>• Review of SNA Procurement committees / procurement performance.</li> <li>• Organizational support / training to Capital/P/D/M/K based on result of policy review.</li> </ul>	<ul style="list-style-type: none"> <li>• Review Procurement committees / procurement performance</li> </ul>
4.10. Internal audit systems developed and institutionalized.	<ul style="list-style-type: none"> <li>• Develop and implement regulations on internal audit</li> <li>• Provide technical support in establishing rules / systems for internal financial audit of SNA</li> <li>• Train SNAs with financial audit statutory procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Districts assist C/S to develop internal audit systems.</li> <li>• Review internal audit functions of Capital/P/D/M/K</li> </ul>	<ul style="list-style-type: none"> <li>• Review C/S internal audit systems.</li> <li>• Review and improve SNA internal audit functions</li> </ul>
4.11. MEF financial inspections of SNA to ensure compliance with law / statutory procedures are conducted according to rules and guidelines.	<ul style="list-style-type: none"> <li>• Develop and promulgate regulations on MEF inspection process, system and procedures</li> <li>• Review MEF inspection reports for relevant policy adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust regulations on MEF inspection process, system and procedures</li> <li>• Review MEF inspection reports for relevant policy adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• Review and adjust regulations on MEF inspection process, system and procedures</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
4.12.National Audit Authority has capacity to carry out SNA audits.	<ul style="list-style-type: none"> <li>Identify staff and training needs to ensure the National Audit Authority can carry out timely external audits of SNA budget execution.</li> <li>Put in place time-bound work plan to build up the NAA capacity.</li> <li>Develop SNA-specific audit procedures</li> </ul>	<ul style="list-style-type: none"> <li>Implement NAA audit procedures at SNAs</li> <li>Review and adapt audit procedures</li> <li>Train NAA staff as needed.</li> </ul>	<ul style="list-style-type: none"> <li>SNA audits by NAA increase as additional trained staff come on board.</li> <li>Evaluate NAA audit procedures</li> </ul>
4.13.SNA can transparently plan and account for the cost of climate change	<ul style="list-style-type: none"> <li>Develop guidelines and procedures for climate change mainstreaming in all SNAs and conduct relevant training</li> <li>Establish and pilot systems and procedures for climate change cost accounting</li> </ul>	<ul style="list-style-type: none"> <li>Integrate, evaluate and adjust climate change into budget preparation and investment planning /adoption/implementation process for all SNAs</li> <li>Integrate climate change considerations into SNA Procurement process/procurement performance.</li> <li>Develop advanced training for specific topics.</li> </ul>	

### **3.5. PROGRAM AREA 5: SUPPORT INSTITUTIONS FOR D&D REFORM**

#### **3.5.1. Rationale**

The complexity of the reform envisaged in the 10-Year Program for SNDD will place new demands on national level government and non-government institutions. This will require developing the capacity of existing institutions to carry out the policies, visions and programs articulated in the NP-SNDD. The institutional support for D&D is not static, however. It is not sufficient to provide support only during the process of transfer of responsibility, authority and resources. Rather, it is necessary to have strong institutions that work with SNAs on an ongoing basis. Therefore, Program Area 5 activities support the transition of national institutions as well as address gaps in institutional arrangements necessary to address the new lines of accountability. As progress is made in building the capacity of the support institutions it is envisioned that they will assume an increasing role in the delivery of programs and technical assistance to build the capacity of individuals and the SNAs.

At a minimum, support institutions must be able to provide the following:

#### **A). Policy Enactment and Legal Framework**

Sub-national democratic development will be defined by the adoption and implementation of D&D policy and legal instruments that:

- Establish new governance institutions, structures and systems at SNA
- Transfer functions, local finances and assets, and personnel necessary for the formation of viable SNAs with significant pro-poor service responsibilities and the corresponding discretionary authority and resources; and,
- Achieve full and effective accountability of SNAs, with emphasis on the accountability of elected sub-national councils to citizens.

Royal decree No. NS/RKT/1208/1429 has given the NCDD the mandate to coordinate and lead the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, the Law on Administrative Management of Communes/Sangkats and the implementation of policy on decentralization and deconcentration reforms.

As an institution, NCDD itself will be required to coordinate the drafting and review of appropriate legal instruments and operational procedures of ministries and institutions of the Royal Government relating to management, distribution of responsibility and the transfer of resources to capital, province, municipal, district, khan and C/S. Particular emphasis must be given to coordinating the legal reform necessary to support the transfer of functions.

#### **B). Ministerial Oversight and Regulatory Support**

The implications of the reform on the central level will be in reference to the changes at the SNA level, the principle factors being the establishment of unified administrations and the transfer of functions. As functions are transferred, the role of central level ministries and agencies play in the four aspects of state management - regulatory, administrative, investment and delivery of services - will be altered. Further, ministries will accommodate inputs from citizens communicated upward through the SNA. The mechanism for this is the principle of unified administration, for which the SNAs are assigned the responsibility for coordinating the activities within their territories. This mechanism creates an indirect line of accountability between the citizens and the ministries via the Councils and the Board of Governors.

As a result, in central level ministries:

- Management duties and responsibilities will change as functions are transferred. They must take on an oversight and monitoring role, transferring to the SNAs the authority to manage resources and to define the approaches to achieving results. For example, in this capacity, ministries would ensure that the functions carried out by SNAs are in compliance with national standards.
- Strategies and programs must incorporate inputs received via the SNA as they carry out their responsibility for coordinating all public administration activities in their territories and receive input from citizens on services and programs needed in their territory.

### **C). Conflict Resolution**

The Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, and the Law on the Administrative Management of Commune/Sangkat establish a management system that requires coordination and cooperation among SNAs and between SNAs and line ministries and line ministry offices. It is expected that conflicts will arise for which it is necessary to have a clear and objective resolution process by which to resolve the conflicts.

### **D). Monitoring and Evaluation of NP**

The NCDD is committed to implementing a successful M&E system that measures the impact and implementation (including capacity development) of RGC decentralization and deconcentration reform. To accomplish this it will be necessary to provide technical support to managers and professional staff about how to undertake performance measurement (the technical side) and how to use the information obtained.

### **E). Capacity Development**

There will be an ongoing demand by SNA and other institutions for technical support and learning opportunities that allows individuals and institutions to achieve the results envisaged from sub-national democratic development.

Specific attention must be given to:

- Building a cadre of young professionals who will enter the civil service for positions that are newly created or open due to retirements at both the SNA and ministry level;
- Ensuring that officials have the core competencies to carry out their responsibilities;
- Ensuring that SNA officials have the right attitudes and behaviors in line with SNA new lines of accountability towards their citizens;
- Preparing a new generation of elected officials;
- Citizens interested in governance process and local development or newly elected to Councils at all levels of SNAs;
- Mainstreaming gender issues and the promotion of women in Council and the civil service.

This will require that a mix of different types of institutions (public and private) be engaged in meeting these demands. Academic institutions, specifically schools of public administration, must develop a curriculum to address the governing environment at the sub-national level. The professional and vocational training programs of existing government agencies, in particular the General Department of Local Administration, will be assessed to determine if and how they can be reoriented to meet the future demands of local officials. Ministry level capacity development programs will not be sufficient. It will also be necessary to work with non-government organizations and private companies to meet the voluminous demands for capacity development.



In addition to determining the capacity of the existing institutions to meet the demand, it will also be necessary to introduce new approaches to knowledge transfer. Two strategic approaches will be utilized to accomplish this requirement. One will be to introduce the experiential learning models. How this will be built into capacity development programs is fully presented in the Capacity Development Plan. Two, it will be necessary to capture the lessons learned. Stakeholders in the D&D must have access materials and documents that codifying the experiences reform. This can be done by creating a knowledge management system, however, this system must be anchored in the demand for knowledge by various stakeholders. To that end it will be necessary to determine:

- 1). Who wants the knowledge and for what purpose? SNAs, Ministries, NCDD, DPs, NGOs, CSOs. To inform policy at the national level, by SNAs to develop creative ways to carry-out their functions, etc?
- 2). How will the knowledge generated? (e.g. DP reports and assessments, NCDD policy team assessments, CSO analysis),
- 3). How will it be archived?
- 4). What, if any, legal or contractual requirements will there be to use the knowledge?

#### **F). Policy Support**

Independent leagues and associations of sub-national administrations such as the National League of Communes and Sangkats (NLC/S) and the Provincial Associations of Communes and Sangkats (PAC/S) are important voices of SNAs and must be supported with the aim to articulate and advocate the common interests of SNAs, enhance their participation in the formulation of Government policies, and define and address their capacity development needs.

#### **3.5.2. Program Area Objective**

Program Area 5 objective is to strengthen national institutions that will guide the implementation of the 10 Year Program and support SNAs.

#### **3.5.3. Priorities**

##### **A). Platform 1**

##### **A-1). NCDD Sub-Committees develop annual work plans in line with NP-SNDD**

The NCDD Sub-Committees are an inter-ministerial thematic mechanism having the primary mandate to coordinate with PFMRP and NPAR and to work with concerned ministries to develop/review legal and regulatory instruments prior to NCDD decisions. NCDD Sub-Committees must develop and operationalize their annual work plans in support of the NP-SNDD. Work plans shall include a description of the technical assistance that is required to carry out activities related to their mandate.

##### **A-2). Ministries with responsibility for transfer of candidate functions prepare strategies.**

Immediate support shall be given to the ministries who will be transferring functions, staff and financial resources to SNAs. The NCDD Secretariat, therefore, will ensure consistent technical support regarding functional review across Ministries. The support will be provided in conjunction with MEF and CAR. The work will be carried out in accordance with an action plan focused on supporting the D&D working groups as the first audience to whom support is given; and the support shall include a review and adjustment of the regulations and guidelines that

should be amended to reflect the new roles and responsibilities of ministry departments, offices and units. This NCDD Secretariat would also ensure that there are cross-learning opportunities among Ministries.

**A-3). Develop the action plan to build capacity of Cambodian education and training institutions' ability to support D&D reform.**

Institutionalization of the overall D&D reform requires a shift in the pedagogical base of education and training curriculum. An immediate first step is to define the necessary pedagogical bases and assess existing institutional capacity to incorporate the base into curriculum.

**A-4). National League of Commune and Sangkat must adjust to new sub-national administrative landscape**

The National League of C/S will be required to assess its existing mandates and capacity. The assessment must address the requirements and the institutional arrangements that reflect government policy on state functional architecture. The assessment must also focus on capacities and mechanisms needed in order to hold higher tier SNAs accountable for their performance. Inherent in the assessment is the requirement to consider how to retain the independence of the National League of C/S and any other SNA advocacy institution.

**B). Platform 2**

**B-1). Continual development of the enabling environment in support of D&D reform**

Throughout the 10-year NP the NCDD will require assistance in creating the enabling environment based on the adoption of necessary legal instruments and development of systems and programs.

**B-2). Cambodian education intuitions assume greater responsibility in implementing the NP-SNDD capacity development plan**

A strategy will be put in place that transfers the responsibility for implementing the NP-SNDD capacity building plan to Cambodian institutions in developing capacity on local administration. This necessitates the institutionalization of the experiential learning process from which the results of the capacity development programs inform the ongoing requirements for change essential to achieve the results expected. An institutional assessment will be completed and a program for development of institutional capacity will be executed that reflects the outputs in PA 5 log frame and the NP-SNDD Capacity Development plan.

**B-3). Develop the full range of National League support to SNA**

As the support to build functioning SNAs is more fully realized it will be essential to create the necessary institutions that address the legal and operating mandates of SNA. Consideration must be made of ways in which these institutions could raise the stature of SNA councils and build the professionalism and raise the stature of SNA civil service.

**3.5.4. Logical Framework**

The Logical framework of program area 5 is given in the below table 3.5.

**Table 3.5: Logical Framework of Program Area 5**

<b>Program Area 5: Support Institutions for D&amp;D Reform</b>			
<b>Objective of Program Area</b>	<b>Indicators</b>		<b>Key Assumptions</b>
To strengthen national institutions that will guide the implementation of the 10 Year Program and support SNAs.	<ul style="list-style-type: none"> <li>Percentage of students graduating with degrees in public administration and policy, entering into service with SNA</li> <li>Percentage of independent leagues and associations that have plans and budgets to provide support to SNAs</li> <li>Percentage of citizens demonstrating understanding of gender equality in SNA governance</li> </ul>		<ul style="list-style-type: none"> <li>National level institutions receive technical support necessary to adjust and reorient their organizations in line with principles of D&amp;D and OL.</li> <li>Capacity development approaches are oriented to the distinct nature of sub-national administration.</li> <li>Ministries developing internal capacity to address D&amp;D reform.</li> <li>The PFM, PAR and other sectoral reforms enable the implementation of D&amp;D reform.</li> </ul>
<b>Outputs</b>	<b>Key Activities</b>		
	<b>Platform 1</b>	<b>Platform 2</b>	<b>Platform 3</b>
5.1. NCDD adopts appropriate legal instruments and operational procedures relating to NP-SNDD policy commitments.	<ul style="list-style-type: none"> <li>NCDD develop and execute action plan for adoption of necessary legal instruments and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Continue implementing action plan for adoption of necessary legal instruments and procedures. On-going</li> </ul>	<ul style="list-style-type: none"> <li>Review necessary legal instruments and procedures, and formulate additional ones</li> </ul>
5.2. Ministries assisted to develop structures and processes that reflect their new roles and responsibilities with respect to SNAs.	<ul style="list-style-type: none"> <li>Ministries D&amp;D working groups responsible for candidate functions prepare strategy in line with SWAPs and PFMRP</li> <li>Select ministries develop an action plan to adjust roles, strategies and responsibilities in line with transfer of functions.</li> </ul>	<ul style="list-style-type: none"> <li>Additional Ministry D&amp;D working group strategies are in place for functions identified by NCDD for Platform 2.</li> <li>Select ministries develop an action plan to adjust roles, strategies and responsibilities in line with transfer of functions.</li> </ul>	<ul style="list-style-type: none"> <li>Additional Ministry D&amp;D working group strategies are in place for functions identified by NCDD for Platform 3</li> </ul>
5.3. An administrative mediation and conflict resolution mechanism instituted.	<ul style="list-style-type: none"> <li>Establish administrative mediation unit for resolution of SNA intra-governmental disputes and train SNA Staff.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen conflict resolution mechanisms and train SNA officials</li> </ul>	<ul style="list-style-type: none"> <li>Review and evaluate mechanisms and procedures for intra-governmental conflict resolutions</li> </ul>
5.4. NCDD M&E unit reorganized to carry out the NP-SNDD M&E program.	<ul style="list-style-type: none"> <li>Establish NCDD sub-committee for M&amp;E</li> <li>Determine indicators</li> <li>Establish baseline data</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and submit M&amp;E reports to NCDD</li> <li>Conduct mid-term evaluation of NP</li> </ul>	<ul style="list-style-type: none"> <li>Prepare and submit M&amp;E reports to NCDD</li> <li>Evaluate the 10-year NP as a basis for the next program</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
	<ul style="list-style-type: none"> <li>Formulate and adopt M&amp;E guidance documents</li> </ul>		
5.5. Develop mechanisms and implement legality checks on sub-national legislative codification.	<ul style="list-style-type: none"> <li>Formulate and review all legal instrument related to D&amp;D reform</li> </ul>	<ul style="list-style-type: none"> <li>On-going review of all legal instrument related to D&amp;D reform</li> </ul>	<ul style="list-style-type: none"> <li>On-going review of all legal instrument related to D&amp;D reform</li> </ul>
5.6. Institutions to meet the ongoing development needs of individuals and institutions with responsibility at national and sub-national levels for sub-national democratic development are in place.	<ul style="list-style-type: none"> <li>Develop baseline assessment of the capacity development demand for SNAs</li> <li>Conduct assessment on the training and knowledge transfer capacity of public and private institutions and develop a strategy to meet the long term capacity development requirements</li> <li>NCDD, CAR and DPs agree on a knowledge transfer strategy and knowledge management systems in support of D&amp;D and reflecting the baseline assessment of SNAs and Cambodian institutions</li> </ul>	<ul style="list-style-type: none"> <li>Create a network of regional and national capacity development institutions reflecting the knowledge transfer strategy and knowledge management system.</li> <li>NCDD in collaboration with other ministries and institutions draft a core curriculum for the study of sub-national development, management and governance.</li> <li>Pilot a leadership program in support of SNA Councils and roll out action plan before the 2nd mandate</li> </ul>	<ul style="list-style-type: none"> <li>Institute a continual improvement program of capacity development institutions</li> </ul>
5.7. Institutional environment for D&D reform promotes gender equality and equity, and responsive to vulnerable groups	<ul style="list-style-type: none"> <li>Develop and implement modules on diversity, gender equality and equity in study Programs for SNA</li> <li>Create associations/networks of female SNA officials created</li> <li>Women receive training on monitoring and lobby for gender-sensitive policies.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assessment of gender programs with regard to improving women's effectiveness in SNA and recommendations acted upon by NCDD.</li> </ul>	
5.8. Independent leagues and associations of SNAs have the capacity to provide demand based programs and are financially sustainable	<ul style="list-style-type: none"> <li>NLC/S and PAC/S review their strategies and programs to align with new SNA structural changes</li> <li>Study and assess in support of development of other leagues and</li> </ul>	<ul style="list-style-type: none"> <li>Study the possibility of creating other SNA leagues and associations</li> <li>Study the feasibility of formulating additional institutional support/leagues and associations of</li> </ul>	<ul style="list-style-type: none"> <li>Review the effectiveness of SNA leagues/associations</li> <li>SNA leagues and associations able to mobilize resources to meet their demands</li> </ul>

Outputs	Key Activities		
	Platform 1	Platform 2	Platform 3
	associations <ul style="list-style-type: none"> <li>• Develop training programs for SNA leagues and associations</li> <li>• SNA leagues and associations mobilize support to implement their programs</li> <li>• Support institutions map out the necessary program and legal action necessary for integration of gender policy in their respective institutions.</li> <li>• Put in place mechanisms to participate in policy developments</li> </ul>	SNAs <ul style="list-style-type: none"> <li>• Establish support program to monitor the progress and evaluate the impact of gender mainstreaming mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor progress of SNA leagues and associations including the gender mainstreaming and its impact mechanisms</li> </ul>



# **Chapter 4**

## **NP-SNDD MANAGEMENT**

## **CHAPTER 4**

### **NP-SNDD MANAGEMENT**

#### **4.1. NP-SNDD MANAGEMENT ARRANGEMENT**

The NP-SNDD as the Government's program to implement D&D reform will achieve results through (1) policy (such as the legal instruments to implement the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, the Law on the Administrative Management of Commune/Sangkat); (2) institutions (structures and systems at both national and sub-national levels); and (3) improved services (via investments in economic and social infrastructure and management systems). Implementation of the NP-SNDD will have impacts across most of the Government's ministries and agencies at the national level, and across all units and institutions at sub-national levels. In this regard, management of the NP-SNDD requires both political and technical mechanisms inclusive of national and sub-national representation. These NP-SNDD management arrangements shall be able to handle all matters related to the D&D reform, and specifically D&D policy direction, NP-SNDD implementation management, and SNDD program coordination.

##### **4.1.1. D&D Policy Direction**

The success of D&D reform heavily depends on high-level government commitment. This implies that the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, hence NP-SNDD, requires constant and continuous policy direction from the highest body of the government. In accordance with this, the Royal Decree No. NS/RKT/1208/1429 provides the relevant mandate to an inter-ministerial committee which is the National Committee for Sub-National Democratic Development, abbreviated NCDD.

As the body charged with the coordination and implementation of the NP-SNDD, the NCDD will ensure that implementation of all elements of the National Program is in accordance with the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on the Administrative Management of Commune/Sangkat and RGC policies. Based on the NP-SNDD approved by RGC, this includes review, consultation and approval of all program activities planned in the three platforms and annually in the NCDD work plans and budgets. In order to assess NP-SNDD implementation progress, NCDD will monitor and evaluate at the end of each Platform, Mid-term and end of the Program and engage DP-joint monitoring and evaluations missions (through periodic advisory missions, end-of-platform evaluations and in-depth studies).

Furthermore, NCDD will coordinate with all concerned ministries and institutions to identify functions, along with finance, property and personnel resources to transfer to SNAs as outlined in the NP-SNDD. In particular, NCDD will work closely with the Council for Administrative Reform (CAR) and the PFM Reform Committee to align all three programs: NP-SNDD with the National Program for Administrative Reform (NPAR) and the Public Financial Management Reform Program (PFMRP).

By mandate, NCDD will report to the RGC on the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on the Administrative Management of Commune/Sangkat, hence on NP-SNDD implementation annually and as required. This process will thus promote interest at the highest level to oversee the impact of the NP-SNDD and retain strong national commitment to the reform.

The NCDD Sub-Committees, as per their mandate, will provide thematic oversight (functions and resources, financial and fiscal, planning and personnel) on the implementation of all NP-SNDD Program Areas.

#### **4.1.2. NP-SNDD Coordination**

The NCDD Sub-Committees are an inter-ministerial thematic mechanism having the primary mandate to coordinate with PFMRP and NPAR and to work with concerned ministries to develop/review legal and regulatory instruments prior to NCDD decisions. The legal and regulatory instruments are essential input to all five program areas in order for the NP-SNDD to achieve intended results. Aiming to promote citizens' voice in the policy development and implementation process, all NCDD sub-committees include representatives of the National League of Commune/Sangkat (NLC/S).

The NCDD Sub-Committee on Financial and Fiscal Affairs will work closely with the PFM Reform Committee and its Reform Committee Secretariat, to oversee and ensure coordination of the implementation of NP-SNDD Program Area 4, for which the establishment of budgeting, financing and accounting systems shall be the first major result. In this regard, the Sub-Committee will be responsible for the formulation of sub-national financial regime and property management legislation. Ultimately, MEF through PFM mechanisms and the NCDD Sub-Committee on Fiscal and Financial Affairs will be responsible for the manner in which funds are mobilized and transferred to support RGC policy commitments 2, 4 and 5 detailed in the Section 2.2, Chapter 2 of this NP-SNDD Document.

The NCDD Sub-Committee on Functions and Resources will work with all concerned ministries and agencies, in particular to oversee and ensure the coordination of the implementation of Program Areas 1, 3, and 5. In particular, the Sub-Committee will support the NCDD in discussion with national ministries and agencies in the process of identifying functions and responsibilities and their accompanying resources, assets and personnel which are to be transferred to the various levels of SNA, as per RGC policy commitments 1, 3 and 4 detailed in the Section 2.2, Chapter 2 of this NP-SNDD Document.

NCDD Sub-Committee on Sub-National Administration Personnel will oversee and ensure the coordination of Program Area 1 and 2 activities with the State Secretariat of Public Functions, the Secretariat of the Council of Administration Reform, and align NP-SNDD with the National Program for Public Administrative Reform, in order to ensure the realization of RGC policy commitment no. 7 detailed in the Section 2.2, Chapter 2 of this NP-SNDD Document.

NCDD Sub-Committee for Sub-National Development Plans will join with the above three Sub-Committees in overseeing and ensuring the coordination of the implementation of NP-SNDD Program Areas 1, 3 and 4.

The Technical Working Group on D&D (TWG on D&D) is a Government-Development Partners' mechanism. Its structure could be re-organized through the establishment of sub-groups linked to the NCDD Sub-Committee mandates, with lead focal points on both RGC and DP side to focus on specific program areas. As of now, the TWG on D&D has been a venue to discuss critical issues related to the strengthening of democratic development at sub-national levels. Particularly, the TWG on D&D discusses and informs the formulation process of the legal and regulatory instruments as well as issues related to resource mobilization and financing of the NP-SNDD.



The TWG is different from NCDD Sub-Committees as it consists of both government and DP representatives and coordinates cross-cutting themes. Members of NCDD sub-committees who are high-level government officials will represent the government in the TWG on D&D. This high-level representation is crucial in establishing smooth dialogues and linking the technical process to the political decision-making process. In this regard, TWG on D&D will serve to promote cooperation and support from the RGC and DPs for the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on the Administrative Management of Commune/Sangkat, hence the NP-SNDD.

TWG on D&D and all NCDD sub-committees will work through the NCDD Secretariat (NCDDS). Presently, there are three units under the NCDDS. The **Policy Support Division** will mainly be assisting on the formulation of legal and regulatory instruments related to the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on the Administrative Management of Commune/Sangkat and NP-SNDD implementation. The **Inter-Ministerial Division** will undertake roles in coordinating line ministries and DPs. The third division of NCDDS is the Program Support Division. The primary mandate of this **Program Support Division** is to assist NCDD to execute the NP-SNDD annual work plan and budget.

#### **4.1.3. NP-SNDD Coordination with Development Partners**

Although NP-SNDD is about the RGC's D&D reform, its implementation requires resources and support from both, the Government and DPs. In this respect and to effectively mobilize resources and assistance, the NCDD will meet at least annually to approve the NP-SNDD annual work plan and budget (AWPB) and review progress of NP-SNDD implementation. For specific matters related to NP-SNDD, the NCDD could convene extra-ordinary meetings with concerned stakeholders and DPs.

The NP-SNDD NCDD/DP Annual Meeting would discuss, among others:

- Reports on the NP-SNDD implementation, including narrative progress and expenditure/audit;
- Technical reviews and studies conducted by NCDD, donors, independent researchers, etc.;
- Reports on any new initiatives relevant for the reform efforts;
- Discussion of NP-SNDD resource framework and funding mechanisms;
- Commentary provided by international experts, academic institutions, civil society groups, etc.; and,
- Endorsement of the NP-SNDD AWPB for the following year.

#### **4.1.4. NP-SNDD Program Management Structure**

The actual implementation of the five program areas of NP-SNDD will involve multiple actors/implementers. These include first and foremost central government ministries and agencies, as well as all levels of sub-national administration and their representative organizations. Implementation will also involve academic and independent institutions, non-governmental organizations (NGOs), and civil society organizations (CSOs) at national and sub-national levels. To implement and coordinate this effort smoothly, NCDDS will set up appropriate offices with clear terms of reference (ToRs), work plans and long and short-term national and international specialists and trainers. The primary responsibilities of the NCDDS include:

- Coordination of NP-SNDD annual work plan and budget formulation;
- Operational and fund flow coordination and management;

- Administrative, progress and financial report preparation;
- Design and implementation of M&E and reporting systems;
- Fiduciary responsibilities including internal and external audit and other accountability mechanisms;
- Liaison with NP-SNDD's DPs;
- Provision of policy and program guidance and liaison with all SNAs and other NP-SNDD implementers;
- Management of NP-SNDD TA; and
- Close cooperation with DPs' fiduciary mechanisms.

#### **4.1.5. NP-SNDD Information, Monitoring and Reporting Requirements**

NCDDS will ensure that documents related to NP-SNDD implementation including progress reports, work plans, budgets, technical reviews and studies are produced and discussed in a transparent and consultative manner, for example, via occasional open meetings of the relevant NCDD Sub-Committees, and/or occasional conferences or seminars. Once these documents have been endorsed by NCDD, they would be accessible to the public through the NCDD Library, website and other means. For general public updates on NP-SNDD progress, NCDD monthly bulletins and periodic news press releases would complement the information and capacity development materials produced by NCDDS.

For NP-SNDD direct implementation monitoring and supervision, the NCDDS, the Directorate of Local Administration, NCDD member ministries' D&D working groups together with SNAs will be assigned based on thematic expertise and competency. In addition, DP's programs and projects will contribute to the full-time deployment of capacity development / policy TAs and separately, of fiduciary risk assurance personnel. Furthermore, donors' regular missions would provide additional means to monitor progress and guide the implementation of NP-SNDD.

As mentioned above, NCDD will be reporting to the RGC on the implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, Law on the Administrative Management of Commune/Sangkat and D&D reform. In this regard, reports on NP-SNDD progress would be generated from NCDD M&E system and utilized as NCDD annual report to the RGC. By the reporting and tracking of performance of the key indicators, the NCDD will be able to reconsider how implementation of the NP-SNDD and key elements of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans, and the Law on the Administrative Management of Commune/Sangkat is proceeding and review how to engage and/or adjust the subsequent phase, based on achievements, challenges and obstacles as noted via the M&E indicator results.

#### **4.1.6. NP-SNDD Audit**

In addition to the fiduciary risk assurances performed by full-time TAs and DP's country offices, NP-SNDD resources will be subject to audits.

Internally, auditors will be recruited from the government's competent personnel. Externally, independent annual audits will be arranged for the RGC's and DP's resources separately.

For RGC's resources provided to the SNAs, the National Audit Authority will be engaged with clear TOR and work plan. This annual exercise will be done in a number of selected provinces, districts and Communes through appropriate sampling methods.

For DPs' resources, private audit firms will be invited to bid for the exercise based on timeframe and requirements set forth by the DPs. Since DPs' resources are used for both national and sub-national levels, this independent audit will be conducted, both at the national level and in a number of selected provinces, districts and Communes.

NCDDS will discuss all audit findings and recommendations, and ensure appropriate actions to prevent financial and procedural irregularities. In doing so, NCDDS will prepare annual management responses to the audit findings/responses and report on follow-up actions to the NCDD/RGC and DPs. With endorsement from NCDD and respective DPs, audit and relevant documentations could be accessible to the public via NCCD website and other means.

## **4.2. MONITORING AND EVALUATION**

NCDD is the RGC arm in providing comprehensive analysis and review of the implementation of the National Program for Sub-National Democratic Development. It is committed to designing a system that will be used in management and decision-making and not only as a reporting mechanism. To do this, it is necessary that a well structured and dynamic monitoring and evaluation system be established with ongoing resources committed for its operation. In this way, the NCDD will be able to monitor the ongoing activities of the National Program, make adjustments to the program in a transparent and responsive manner and communicate to the RGC the impact of the overall D&D reform on the lives of citizens. The M&E framework used by the NCDD will not only include measurement of both outputs and outcomes, but also use of this information to help manage and improve programs and services. Thus it will serve two key purposes: providing accountability and improving programs and services so as to make them more effective.

### **4.2.1. M&E Framework Links to Program Areas and D&D Objectives**

The M&E Framework supports a dynamic process for refining and developing additional indicators as needed over the 10-year program implementation period. This framework will allow NCDD, other government stakeholders such as line ministries, and the development partners to monitor implementation of each program area over time, to assess whether the expected outcomes are being achieved, and to develop targeted policies and program interventions designed to address problem areas.

The NP-SNDD Logical Framework sets out the indicative outcomes that form the base for the M&E Framework. The outcome indicators specified in the Master Log Frame are the key (or core) set of indicators that will be tracked, and regularly reported by NCDD, as it monitors the impact and implementation of the NP-SNDD.

### **4.2.2. Management Arrangements for Monitoring and Evaluation (M&E)**

In order to ensure that the Monitoring and Evaluation (M&E) Framework for the NP-SNDD is implemented and provides useful information for policy and budget decisions over the 10-year program, NCDD will activate a high-level M&E Sub-Committee to oversee Monitoring and Evaluation of NP-SNDD implementation. This oversight includes: the development of indicators, identification of data sources (existing and new, as necessary), data collection (including the development of new data collection instruments, as appropriate), data analysis, dissemination of the analysis to decision makers and other stakeholders, and use of the information in policy and decision-making. A comprehensive guide for M&E Implementation Framework will be developed during the first semester of 2010.

This M&E Sub-Committee will include senior representatives from the Ministry of Planning, the Ministry of Finance, and at least three line ministries such as MOEYS, MOH, and MRD, that represent sectors with important service impacts at the local level. Representatives from other line ministries, development partners, and outside experts on M&E or specific service areas may be invited to participate as appropriate.

The M&E Sub-Committee will include a small staff team with expertise in developing indicators, a survey expert, data analyst, and a researcher. The M&E Sub-Committee will also be assisted by the M&E Advisory Group comprising primarily development partners and RGC officials. The Advisory Group will play an important role in providing the development partners' perspective and advising the NCDD on M&E.

The role of the NCDD M&E Sub-Committee is not to collect data itself; rather it will ensure that: (1) appropriate indicators are developed; (2) indicator data is requested and received in a timely manner from existing government databases (such as the MOEYS's EMIS) and properly incorporated into the NCDD M&E database; and (3) new instruments and data collection procedures are initiated where required. The M&E Sub-Committee will also ensure that the corresponding meta data<sup>13</sup> will be collected and stored for ease in conducting and analyzing the baseline and follow-on surveys. Another critical responsibility of the M&E Sub-committee will be to oversee data analysis and ensure regular reporting of the data so that they are used by the NCDD Secretariat in decision and policy-making.

#### 4.2.3. Proposals for M&E for Monitoring National and Sub-National Levels

The NP-SNDD will use following data sources for data collection:

- **Household survey:** Four stratified random household surveys will be conducted over the 10-years. The first in 2010 to establish the baseline, and three additional follow-on surveys in years 3, 6, and 9. The household survey will ask a randomly chosen adult in a household questions about satisfaction with service quality, accessibility of services, access to information, etc., and also obtain demographic information such as age, marital status, income, and education so that data can be analyzed by different respondent characteristics. While data will be collected at the Commune, district, and provincial level, it will be representative, and therefore not allow analysis for each individual Commune, district, or province.
- **Administrative records:** With the transfer of select functions from the line ministries to the SNAs, the M&E team will create templates for regular administrative records to be reported back to the line ministries and the NCDD for analysis.
- **Council and SNA staff surveys:** Data will be collected from council members and specific SNA staff from representative Communes, districts, and provinces. SNA staff will include, for example, the finance and budget officer, human resource managers, etc., who will be requested to provide information on program-specific issues quarterly, biannually, or annually as needed.

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<sup>13</sup> Meta data refers to all the related information (or data) that accompanies data collection such as definition of terms, frequency and date of collection, sampling framework, response rates, etc.

#### 4.2.4. Donor Alignment with NP M&E Framework

The targets identified in the M&E Framework and through the framework process over time quantify desired achievements of the policy commitments and are key to discussions with the development partners over the life of the NP-SNDD. As discussed above, the RGC and the development partners are committed to implementing the Paris Declaration on Aid Effectiveness. With respect to M&E, donor alignment has two aspects: (1) using the M&E Framework to identify and agree upon one set of expected outcomes for D&D reform in Cambodia and (2) aligning reporting, monitoring, and evaluation efforts to reduce donor- or project-specific data collection and reporting requirements and to increasingly move toward using government systems.

#### 4.3. RISKS AND RISK REDUCING STRATEGIES FOR NP-SNDD

Implementation of Cambodia's Decentralization and Deconcentration Reform to ensure sub-national democratic development is a complex undertaking which will affect all levels of the Government's technical and political institutions and actors. Successful implementation of the NP will foster democratic development, improve access and quality of service delivery and contribute to the reduction of poverty across the country, especially for marginalized groups of citizens.

As in the case of any large and complex reform program, there are numerous risks. As a Government-wide reform with impact across the whole territory of Cambodia and at all administrative and governance levels, the role of the NCDD and its Sub-Committees, backed up by strong political support, will be paramount. The articulation of NP-SNDD activities with the Public Finance Management Reform Program and the National Program for the Administrative Reform as well as with sector reforms will be one of the particular challenges to be faced during implementation.

During the formulation of the NP-SNDD, key risks as outlined in the Table 4.1 below were identified and assessed against the likelihood of risk arising during the NP-SNDD implementation. The table first identifies key areas of potential risk, based on the main organizing principles of the National Program, via the goals, outcomes and institutional results of the platforms and the five program areas. The likelihood captures the probability that the risk might arise, graded high, medium and low. The potential impact measures the level of negative impact a risk might have in achieving the intended goals of the reform, expressed as high, medium and low.

**Table 4.1: Risks and Risk Reducing Strategies**

Risks	Likelihood	Potential Impact	Mitigation Actions
Council's institutional authority is not fully established as the coordinating body for all activities in its territory	Medium	Medium	<ul style="list-style-type: none"> <li>PA 1 incorporates processes to establish basic authorities, competencies and structures and to define clear responsibilities, roles, and internal accountability of SNAs</li> <li>The Capacity Development Plan will build leadership and oversight roles of councilors</li> <li>Via NCDD actions and Sub-Committees, raise the awareness of line agency officials and the public about the Laws and Principles of democratic development and unified administration</li> </ul>

Risks	Likelihood	Potential Impact	Mitigation Actions
NCDD and Line Ministries do not transfer to SNAs specific, clearly defined functional and service delivery competencies (both delegated and assigned functions) with associated responsibility, authority and accountability.	Medium	High	<ul style="list-style-type: none"> <li>Should line Ministries delay substantial functional transfer as per identified fast track list, the NCDD and/or higher political levels will be required to take decisions to ensure implementation of the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans and the Law on Administrative Management of Commune/Sangkat.</li> </ul>
Substantial human and financial resources, along with discretion and authority over them, are not transferred to SNAs.	Medium	High	<ul style="list-style-type: none"> <li>Within the first year of the NP implementation, formulation and adoption of the law on sub-national financial and property regime; SNA civil servant statute shall be adopted in Platform 1. If not, there will be legal instruments to define roles and responsibilities of SNAs for staff's management.</li> </ul>
Mechanisms for accountability to citizens are not sufficiently developed and remain weak.	Medium	High	<ul style="list-style-type: none"> <li>The process of transferring real functions with real resources and real authority and responsibility is the first step to enabling accountability to citizens.</li> <li>Subsequently, the capacity of each SNA will be strengthened so that they become responsible and accountable for implementing robust systems of consultation, participation, transparency and information</li> <li>Associated, with this process, conflict mediation and resolution mechanisms to address challenges to law, decisions, etc. will further enhance citizens' rights.</li> </ul>
Coordination between D&D reform, PFMRP and NPAR does not materialize or is not sound.	Medium	Medium	<ul style="list-style-type: none"> <li>Establish a joint working group of NCDD, PFM Committee and CAR to define key joint policies, joint strategies, and joint action plans related to D&amp;D reform and their articulation with PFMRP and NPAR.</li> </ul>
Weak economic growth (domestic or international crisis) has negative impact on national revenues available to SNAs, on volume of locally raised revenues and on external funding, creating budget and service delivery stress.	Medium	Medium	<ul style="list-style-type: none"> <li>There are 3 at least options: <ol style="list-style-type: none"> <li>Systems of funds transfer linked to share of national budget domestic revenues will automatically stabilize national and sub national expenditure;</li> <li>Allocation of public spending prioritized on key sector priorities that are most affected by economic conditions; and</li> <li>Increase other revenue sources such as from user fees and charges for services to be provided by SNAs.</li> </ol> </li> </ul>
D&D DPs fail to bring about D&D/Sector harmonization within their own organizations Otherwise, funding to SNAs activities will be inconsistent	High	Medium	<ul style="list-style-type: none"> <li>Technical Advisor and Coordination Team provides mechanism to harmonize DP modalities and can inform supporting (sectoral) activities at sub-national levels based on the principles of unified administration and one sub-national budget.</li> </ul>

Risks	Likelihood	Potential Impact	Mitigation Actions
D&D DPs do not comply with one-voice/representation principle	Medium	Medium	<ul style="list-style-type: none"> <li>• Through the Joint-Partnership Agreement, define clear roles and responsibilities of thematic DPs working groups and their link to NCDD Sub-Committees.</li> <li>• Consolidate DP voices and represent solely through TWG.</li> </ul>
D&D DPs do not comply with one-voice/representation principle	Medium	Medium	<ul style="list-style-type: none"> <li>• Through the Joint-Partnership Agreement, define clear roles and responsibilities of thematic DPs working groups and their link to NCDD Sub-Committees.</li> <li>• Consolidate DP voices and represent solely through TWG.</li> </ul>



# **Chapter 5**

# **NP-SNDD FINANCE AND BUDGET**



## **CHAPTER 5**

### **NP-SNDD FINANCE AND BUDGET**

#### **5.1. FINANCING NP – SNDD**

RGC is committed to financing the NP-SNDD, but as a strong government-DP partnership will be necessary to support D&D reform in the long term, it also requires significant commitment from Development Partners. In the next sections issues related to the financing of the NP are presented, and specific issues addressed are the financing mechanism, transition strategies of funding modalities required to support the National Program and the estimated cost.

##### **5.1.1. Key imperatives: NP-SNDD Funding is Program Based and On-Budget**

The financing modalities of the NP-SNDD are predicated to be consistent with the principles behind the RGCs policy commitments, as expressed in Chapter 2 of this document and consistent with the organization of the NP across five program areas which recognize the iterative nature of government reform and the interlocking nature of government operations and systems. Further, over the 10 years of the NP-SNDD, the financing approach will work towards meeting the commitments of the Cambodia Declaration on Enhancing Aid Effectiveness signed in October 2006.

Although the design of the National Program for Sub-National Democratic Development has taken place during a period of increased economic and financial stress on public resources due to the global economic crisis, this is not intended to serve as a short-term fix to the symptoms of this crisis. The program-based approach is expected to run concurrently with separate programs of the development partners which seek to address immediate needs arising from the financial crisis.

A key principle for funding the NP-SNDD is that whatever the financing modality, the flow of funds must be on-budget at the national and sub-national level. On-budget is defined as funds appearing as revenues and expenditures, but not necessarily being planned by or processed through the RGC financial systems in the initial years.

The AWPB process has provided a comprehensive and rules-based mechanism for mobilizing, prioritizing, and allocating DP and RGC support to communes, related support services at the provincial level, and to ensure the financing of pilot projects, for example, at the district level. As discussed in Section 5.2, the AWPB process will need to be reviewed and modified.

##### **5.1.2. DP Funding Flows and Funding Mechanisms**

The NP-SNDD's proposed flow of funds and funding mechanisms shifts the assistance framework in support of D&D to a program-based approach to achieve broader sector results. The structure of the program requires consideration be given to new categorization of funding flows and approaches to funding. The cost estimate of the NP for 2010 is provided in Section 5.4 and reflects estimated contributions from the Royal Government of Cambodia.

#### **A). Funding Flows**

The NP-SNDD is complex and will involve many national and sub-national participants and stakeholders.

The specific types of support which will be needed to ensure achievement of the NP goals and objectives, via RGC and DP inputs are defined below in order to establish a common vocabulary and meanings.

**1). Investments for institutional support and capacity development:** Enhance and increase individuals and institutions capacity to govern democratically and improve service delivery through the use of government systems and operating procedures. This expenditure category includes:

**1.1. Technical assistance to create the enabling environment:** Policy development and Systems operations/development

**1.2. Non-salary administrative operations – hard expenditures:** The immediate establishment and creation of basic working conditions for SNAs, particularly for the new districts/ municipalities. This may include buildings, vehicles, small electricity generation investment, computers and other IT equipment, office furniture, etc.

**1.3. Non-salary administrative operations – soft expenditures:** These include expenditures for fuel, per diem, training, office supplies

**1.4. Fiduciary Oversight and Management of DP Program TA and Investments:** The management and oversight of use of DP-provided funds; processes which ensure that DPAF provided funds are spent efficiently and effectively in the manner as authorized by RGC-DP agreements and any SOP manuals, etc., and can be programmed, reported, accounted for and audited

**2). Investments for projects:** The construction of specific projects to enhance / increase / improve service delivery by the different tiers of SNAs, and for which the operating and maintenance costs are budgeted for in SNA budgets. Specific limitations should be applied, namely: the only investments eligible for financing under the NP are linked directly to the transfer of functions to that tier of SNA.

Table 5.1.a illustrates expected donor evolution of support by type of expenditure. For all types of expenditures, it is expected that RGC funding and inputs will increase as donor support is reduced in order to create / ensure more sustainable and country-funded SNA systems. However the extent of RGC scaling up and donor scaling down is different according to the expenditure category.

Significant donor support, representing the primary source of funding over the period of the NP is estimated for the 1st expenditure category concerning the “*technical assistance to create the enabling environment and fiduciary oversight and management*” and the second category “*investment for projects*”.

Some cost-sharing and greater contribution to the above expenditures by the Government is expected to occur by Platform 3.

Expenditure category 1.2. “*non-salary administrative operations*” represents demand for support in the short- to medium-term for the associated start-up costs to create and equip councils and administrations at the sub-national level, particularly for districts and municipalities – this cost will be most intense in Platform 1, perhaps continuing to Platform 2, but should in all cases be completed by the end of Platform 2.

The recurring costs of operating a new system of governance at the sub-national level is accounted for by expenditure category 1.3. (on-going “Soft expenditures”), the donor share should be significantly reduced and/or have disappeared by Platform 3, to be replaced by Government budget via transfers, or sufficient sources of own-source tax or fee revenues of the SNAs; in the absence of such a transition, it will be difficult for SNAs to be eventually sustainable.

**Table 5.1.a: Illustration of evolution of donor support over the NP Platforms**

<b>Expenditure categories</b>	<b>Platform 1 (2010-2012)</b>	<b>Platform 2 (2013-2015)</b>	<b>Platform 3 (2016-2019)</b>
1. Investments for institutional support and capacity development			
1.1. TA to create the enabling environment	***	***	**
1.2. Non-salary administrative operations – “hard expenditures”	***	**	
1.3. Non-salary administrative operations – “soft expenditures”	**	**	
1.4. Fiduciary oversight and management	***	**	**
2. Investment for projects	***	***	**

## **B). Funding Mechanisms**

The possible funding flow mechanisms are illustrated in Table 5.1.b as a matrix by type of expenditure categories and financing mechanisms. There will be flexibility in funding flows in order to adjust to specific donor institutional requirements and limitations, while respecting the overall goal of moving to a program basis. The four main funding mechanisms would include:

### **B-1). Direct budget support via the National Treasury**

Under this category, the support for conditional and unconditional transfer mechanisms should be linked to the actual transfer of functions and RGC counterpart funding. In respect to development of new District and Provincial unconditional transfer funds, it will be essential from the outset to establish the formula mechanisms based on Cambodia’s budget and accounting division between recurring and capital expenditures to ensure adequate O&M costs, as discussed elsewhere throughout the National Program document.

### **B-2). National Program pooled or basket “D&D Fund”**

Under this category donor funds would be pooled and managed by a trust agent or by the NCDD pool administrator. NCDD would consider using a competitive procurement process to select the pool administrator. The pooled or basket “D&D Fund” would coordinate the fund accounts for technical assistance to create the enabling environment, the non-salary administrative operations – start up. A series of accounts would be established and budget agreements entered into that would be managed by NCDD Secretariat.

### **B-3). Pooled or basket “Cost Sharing Fiduciary oversight and management fund”**

All donors would contribute to the Cost Sharing Fund that supports the NCDD operations, and covers the cost of implementing budget agreements, performing program audits, and manage the procedural issues related to program implementation. A Cost Sharing Fund Steering committee would be established.

**B-4). Bilateral RGC-Donor agreements**

Bilateral agreements would fund the cost associated with provision of investments for institutional support and capacity development covering technical assistance to create the enabling environment and non-salary administrative operations – start up, and investments for projects. However, to encourage donor alignment and to ensure harmonization among donors programs, NCDD will encourage bilateral agreements to financially support and utilize the NCDDS for project implementation.

**Table 5.1.b: Potential Funding Flow Options by Expenditure Category**

<b>Expenditure categories</b>	<b>B-1). Direct budget support (National Treasury)</b>	<b>B-2). National Program pooled (basket) fund</b>	<b>B-3). Cost Sharing Fiduciary oversight &amp; management pooled (basket) fund</b>	<b>B-4). Bilateral RGC-Donor Agreements</b>
1. Investment for institutional support and capacity development				
1.1. TA to create the enabling environment		✓		✓
1.2. Non-salary administrative operations – “hard expenditures”	✓	✓		✓
1.3. Non-salary administrative operations – “soft expenditures”		✓	✓	
1.4. Fiduciary oversight and management	✓		✓	
2. Investment for projects	✓			✓

Irrespective of the funding flow modality, a mechanism to provide TA via time-based core contracts/framework agreements based on program areas and drawn on as-needed basis should be considered.

**5.1.3. Financing and Linkages with SNAs**

Table 5.1.c links the expenditure categories with the program areas of the NP. Not all expenditure categories will be relevant for each of the program areas, nor will funding flows be required across all three Platforms in all cases.

The expenditure categories relevant for all five program areas are: (1.1) TA to create the enabling environment; and (1.4.) fiduciary oversight and management.

In the implementation of the NP-SNDD, donors may be expected to approach the NP from different angles, each of which has implications in terms of expenditure categories, type of funding flow and whether the focus of assistance will be at national or sub-national level or both (or at one specific tier of the sub-national level).

**Table 5.1.c: Expenditure Categories by NP Program Areas (PA)**

Expenditure Categories	PA 1 SNA Organization Development	PA 2 HR Management	PA 3 Transfer of Functions	PA 4 Budget, Finance, Property	PA 5 Support Institutions
1. Investment for institutional support and capacity development					
1.1. TA to create the enabling environment	TA for start up in Platform 1, early years of Platform 2	TA over Platforms 1, 2, 3 and in each Program Area. Note: potential TA synergies in <ul style="list-style-type: none"> <li>• PA 2 with NPAR/CAR</li> <li>• PA 3 with sector reform programs</li> <li>• PA 4 with PFMRP (at least through end of Platform 2)</li> </ul>			
1.2. Non-salary administrative operations – “hard expenditures”	Platform 1, early years of Platform 2			Platform 1/2 based on MEF FMIS/ accounting systems development	
1.3. Non-salary administrative operations – “soft expenditures”	Platform 1, early years of Platform 2				Over Platforms 1, 2, 3
1.4. Fiduciary oversight and management	Required over Platforms 1, 2, 3 and for all Program Areas				
2. Investment for projects	Platform 1		Over Platforms 1, 2, 3		

#### 5.1.4. Memorandum of Understanding between RGC and DPs

The partnership principles to be negotiated over the coming period will be based on final financing mechanisms to be agreed. Principles for a **Joint Partnership Arrangement (JPA)** shall assume that a pooled mechanism or basket arrangement will be established to fund elements of the NP (for example, investments for programs, technical assistance to create the enabling environment, support to administration operations).

## 5.2. TRANSITION STRATEGIES

Since D&D reform cuts across all sectors, NP-SNDD calls for alignment and harmonization, of both the RGC and DPs’ actions, in a gradual approach that ensures a seamless provision of services and programs. In line with this principle, implementation of NP-SNDD will require a transition strategy that changes how decisions are made and resources are allocated for those programs and projects which support the development of government institutions and systems necessary to achieve the goals of D&D reform.

### 5.2.1. Alignment and Harmonization of the three Reforms (D&D, PFM and PA Reforms)

The NP-SNDD management structure anticipates a closer alignment and harmonization of the implementation of the three cross cutting reforms. More concretely, close coordination amongst these three programs is vital for transitioning from the currently centralized and vertical financial and civil servant management systems to the establishment of a D&D SNAs’ system.

NCDD, CAR, MEF and Secretariat of Public Functions should identify the key pieces of legislation, challenges and policies that are common to each reform effort to develop a plan of action and schedule to complete action. Immediate attention should be given to the following:

1. Finalization and adoption of the law on financial regime and property management at sub-national levels and its related legal instruments on sub-national resources, budgeting, procurement and accounting systems.
2. Re-structuring the existing provincial Salakhet budget, financial, accounting and procurement systems in accordance with the SNA financial and asset management principles.
3. Review of the C/SF to allow for the re-classification of recurrent and capital expenditures in accordance with the national budget classification and prompting for a more sustainable service delivery
4. Formulation of the sub-national civil servant statute in accordance with the public civil servant code;

### 5.2.2. Alignment and Harmonization of Existing Programs and Projects

The first stage of implementation of the National Program will take place during a transition period which will start from beginning of 2010 and is likely to last through the first Platform. Among the challenges of the transition period will be to ensure that the ongoing projects can achieve their objectives with minimal disruption, yet that they take advantage of and draw on any opportunity for flexibility in actions and support which will contribute to achieving NP-SNDD intended objectives and results.

Under the 2009 NCDD AWPB, there are at least 15 programs and projects funded by different donors as shown in the below Table 5.2.

**Table 5.2: On-going D&D Programs & Projects**

No.	Project Title	Start Date	End Date
1	PSDD	2007	2010
2	DDLG	2006	2010
3	RPRP (IFAD)	2006	2010
4	RULIP (IFAD)	2008	2012
5	RILGP (WB)	2007	2010
6	LASED (WB)	2008	2013
7	DfGG (WB)	2009	2012
8	ADMAC	2006	2009
9	NRM&L	2006	2010
10	Seth Koma	1996	2010
11	IDL	2008	2010
12	CCDP2	2007	2009
13	TSSL	2006	2010
14	LAAR	2006	2010
15	UNFPA	2006	2010

Some of these on-going projects will come to an end as late as 2013. This means that these programs and projects will need careful transition before aligning fully under the NP-SNDD.

- 1). To the degree possible, all DPs' D&D programs and projects being implemented by different MOI branches/departments shall be aligned with the NP-SNDD and hand over overall oversight responsibility to NCDD/NP-SDD management structures. This will again reduce the transaction costs in terms of having parallel PIUs at both, national and sub-national levels, but more importantly will maximize the potential impacts of the D&D reform program.

2). Each D&D program/project could undertake this transitioning exercise separately under different timeline but the transition shall reflect the principles described in the DPAF section for a Joint Partnership Agreement (JPA) as a guiding document of this exercise. Success of this transition will align and harmonize the DPs' planning, budgeting, financing (including procurement) and reporting (including M&E) systems into the government's own strengthened, accountable, and transparent system.

#### **A). NCDD Program Support**

The Program Support for Democratic Development through Decentralization and Deconcentration (PSDD) is a major project in the sense that it has been providing the core D&D program technical assistance and operational support to the implementation of all D&D programs/projects, more specifically the NCDD annual plans and budgets. In this regard and although PSDD is coming to an end by the end of 2010, quick transition of this project would impact many other programs and projects under the D&D.

Therefore, this first platform of 2010-2012 will be crucial for a flexible PSDD successor aligning its objectives and activities fully under the NP-SNDD. With many UN projects coming to an end in 2010, one possible arrangement could be that the UN establishes a joint UN agencies D&D support program to the NP-SNDD. The merging, however, should be done through a careful review exercise in order to ensure that unique achievements and components (e.g. the support to the NLC/S and promoting youth and women's voices of other UN projects such as DDLG and Seth Koma) are captured and maintained.

In doing so consideration should be given to:

1. Disaggregating the current PSDD TA expenditures from those related to providing fiduciary oversight in order to secure the DP support for TA and to develop the strategy for integrating the fiduciary responsibility into the government's systems.
2. In line with the Development Partner Assistance Framework (DPAF), enter into an agreement for the provision of TA, ensuring that the structure of the TA reflects the NP-SNDD program areas and reduces the share of transition costs in terms of fiduciary risk.

#### **B). NCDD Budget**

The NP-SNDD is designed to move from forming and implementing development projects to creating and establishing institutional capacity to carry out routine operations and projects; using their authority and resources in a way that ensures investments are protected, that the quality and quantity of services provided improves and that these improvements can be sustained over time. Functions will be transferred which inherently means that SNAs must think in terms of ongoing service delivery rather than projects. Further, the operating and capital budget structure of SNAs accommodates change. Therefore, during Platform 1 it will be necessary to realign the NCDD Annual Budget and Budget Classifications to ensure that the flow of NCDD funds reflects operating budgets, clearly disaggregating those funds allocated for development of institutional and individual capacity from those allocated for capital projects and operating cost.

### **5.3. NP-SNDD INDICATIVE 3-YEAR PROGRAM**

The NP-SNDD Logical Framework detailed in Chapter 3 lay out a comprehensive set of actions required to meet the goals and objectives of democratic development through decentralization and deconcentration for the next 10 years. Furthermore, Section 2.7 of Chapter 2 provides

justifications with regard to the outputs required for each platform. In this regard, this Section 5.3 focuses on implementation approaches and an indicative 3-year program.

### **5.3.1. Implementation Approaches**

The magnitude of the NP requires that consideration be given to asymmetric implementation. While it is recognized that all SNAs must abide by existing laws, their ability to effectively carry out the laws will be dependent on the capacity of the SNA officials (which individual and institutional capacity). That said there are some elements of implementing the support to decentralization that are universal, while others can be introduced and then taken to scale.

**A). Universal approach** must be used for any elements of D&D that relates to of public areas in which misuse funds could occur. There are three critical issues:

- SNAs fiduciary responsibilities consistent with the revenues and financial management. Lack of support in this area can lead to intended or unintended of public money and lead to considerable public distrust and corrupt activities.
- Councils must be able to provide information and explain to their citizens about their budget allocation decisions. Decision about the use of the council's funds shall be made through participatory planning and investment programming. Therefore, consideration must be on the support to the councils in developing their 5- year development plan and 3-year rolling investment program.
- Payroll. Once SNAs are assigned responsibility for some part of the management of Civil Servants, it will be critical that all SNAs have proper payroll and minimal personnel management systems in place to protect the employee rights and to ensure that there are no ghost civil servants on the SNA payroll. Because decentralization brings the government closer to the people, citizens can observe which employees are actually working and which ones are not, absent good monitoring of personnel could lead to breaking the trust with the citizens.

**B). Specific programs** shall be piloted before taken to scale and will reflect demand and capacity as follows:

- The baseline capacity assessment will inform the approach to implementing the NP in two ways. First, the capacity assessment will explain the gap in understanding and resources to carry out activities related to universal issue and can guide the NCDD in seeking funds for these critical issues. Second, the capacity assessment will inform the NCDD which SNAs could adapt new practices both in terms of demand and ability.
- Scaling up the transfer of functions will also be considered. Some functions will be transferred to all SNAs in some form (assigned or delegated), however, this may not be universal. Data as to the demand by citizens and SNAs will be can be used to determine in which areas/regions pilots related to the transfer of functions should be promulgated.

### **5.3.2. 3-Year Indicative Program**

In order to establish and institutionalize governing systems and structures at the sub-national and national level that ensure implementation of policies, and moving towards effective and efficient delivery of services by SNAs, there will be many transitional and start-up activities for all five program areas in Platform 1. Those priority actions include the formulation and adoption of



relevant laws and other necessary legal instruments and the establishment of structures, systems and procedures for SNA operations. These priorities are defined in each of the five program area logframe and will be detailed in the 2010 Indicative Program (i.e. NCDD 2010 AWPB) and NP-SNDD 3-Year Indicative Program. The NP-SNDD 3-Year Indicative Program for 2011-2013 will be developed during the first quarter of 2010 based on the NP-SNDD five Program Areas and 2010 NCDD AWPB. The NP-SNDD 3-Year Indicative Program for 2014-2016 will be developed beginning of 2013 based on the review of the implementation of the Indicative Program for 2011-2013. The Indicative Program for 2017-2019 will be developed beginning of 2016 based on the review of the implementation of the Indicative Program for 2014-2016. Each of the 3-year Indicative Programs will further be utilized for the development of an annual work plan and budget (AWPB).

#### **5.4. INDICATIVE NP-SNDD COSTING**

In order for the D&D reform to succeed, NP-SNDD calls for changes of structures, systems and working procedures as well as financial commitments from both the RGC and DPs. Sections 5.1 and 5.2 of this Chapter 5 provide details of how funding mechanisms and existing programs and projects could be transitioning into the government systems whereas this section focuses on what level of financial resources is required for the first/transition year of 2010.

##### **5.4.1. Scope**

The D&D reform cuts across all sectors and will be carried out at both, national and sub-national levels. Therefore, associated costs can be categorized as those related to the development of SNA and related institutions, service improvements and service delivery. During the implementation of the NP-SNDD, the government will transfer functions with appropriate finance and assets and personnel to the SNAs. Functions include permissive and obligatory ones.

##### **5.4.2. Resource Allocation Guidance**

The depth and range of activities defined in 10 Year NP-SNDD will require considerable resources from the government and from development partners. Given that limited resources will require making strategic choices for instance as to targeting technical assistance, building the core competencies of national and sub-national institutions and investments, it is necessary to provide guidelines as to the use of these proposed resources. Thus, the NP-SNDD proposes that:

1. Municipal, district and khan have had the least amount of authority; in particular, they have not been a budget unit and given that they are the logical tier at which the actual delivery of services will occur (either on behalf of the citizens of the municipal, district and khan in general or as required by Communes and Sangkats), support to District Councils and Administration is a top priority. Resources should be allocated to bring municipal, district and khan to a minimal level of capacity so that functions can be transferred.
2. Because there has been considerable progress made in building the capacity of Communes and Sangkats it will be important to capture the momentum and protect the investment made. Priority should be given to rolling out and up the lessons learned at the Commune/ Sangkat level. In particular the lessons learned should inform the relationship between the Commune and Sangkats and the municipal, district and khan which reinforces the C/S ability to hold Districts accountable and to inform the C/S support required from municipal, district and khan.

3. Capital and provincial administrations have in place the greatest capacity of the three tiers and thus will have the greater capability to carry out their administrative responsibility and exercise their authority that corresponds with transfer of functions. Priority is given to integrating the systems developed through past investment in the Executive Committee Technical Units of the Capital and Provinces, and reframing the current administrative practices to better correspond to the new structure of SNA
4. Considerable resources should be targeted for deepening the general understanding of and expectations for democratic development through decentralization and deconcentration in the general public and within line ministries and SNAs.

### 5.4.3. NP-SNDD Budget

While NP-SNDD 3-year indicative budgets need to be formulated, 2010 is seen as a transition year. For DPs' resources, a number of D&D projects are nearing completion and follow-up projects are being formulated to contribute and align with the NP. In this regard, the NP-SNDD 2010 budget has been costed based on 2009 NCDD AWPB and the capital/provincial budget figures as indicated in the 2009 National Budget Law. The NP-SNDD 2010 total budget is 899,246,900,000 Riels (or USD 216,686,000) which includes:

- From RGC: 512,525,000,000 Riels (or USD 123,500,000); and
- From DPs: 386,721,900,000 Riels (or USD 93,186,000).

For resource mobilization purposes, an NP-SNPP 3-year indicative program budget will be developed. For 2011-2013, the NP-SNDD indicative budget costing will be formulated during April-May 2010. The 2014-2016 NP-SNDD indicative budget will be formulated at the beginning of 2013 based on the review of the implementation of NP-SNDD budget for 2011-2013 and the emerging economic situation while 2017-2019 NP-SNDD indicative budget will be formulated at the beginning of 2016 based on the review of the implementation of NP-SNDD budget for 2014-2016 and the emerging economic situation.

The 10-Year (2010-2019) NP-SNDD document was deliberated and agreed by the NCDD on the [24<sup>th</sup> March 2010](#) and approved by the RGC's Ministers Council on [28<sup>th</sup> May 2010](#).



**Annex 1**  
**SUMMARY OUTCOMES**  
**FROM THE FIVE DIALOGUES**

## ANNEX 1

### SUMMARY OUTCOMES FROM THE FIVE DIALOGUES

#### 1. Approach for the Dialogue Process of the National Program

The formulation of the 10-Year National Program for Sub-national Democratic Development starts from the accomplishments of the last 15 years. In keeping with the principle of steady but thoughtful reform and recognizing that the implementation of the 10-Year Program will only happen through commitment from and broad-based support of all branches of the Royal Government of Cambodia, it was incumbent upon the formulation team to promote a process that allowed for the greatest inclusion of representatives from government ministries and agencies, sub-national administrators, development partners, and non-government organizations as possible. The process used needed to ensure that the lessons learned from past accomplishments be captured and inform the next phase of reform.

To that end, a series of dialogues is underway allowing for a consensus view on the key issues that will define the principles and the parameters of the reform effort. The themes of the dialogues reflect the important aspects of democratic development through decentralization and deconcentration articulated in the Strategic Framework for Decentralization and Deconcentration Reform, the Law on the Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans (Organic Law) and the Law on Administrative Management of Communes and Sangkats. Themes of the Dialogues include:

- Overall Objectives of the D&D Process
- Assignment of Local Functions and Responsibilities
- Local Finances and Budget
- Accountability, Oversight and Responsiveness
- Local Management and Administration

In addition to the dialogues, considerable emphasis was placed on working with and through ministries individually on transfer of functions, resources and personnel. Pre- and post-dialogue working meetings have been held (and will continue to be held) in key ministries in order to further elaborate the strategies for D&D reform within sectors and ministries.

The results of this inclusive approach have laid a firm foundation from which to commence the implementation of program activities. Subsequent sections of this program document provide details as to the results; however, it is important to note the more overarching achievements of the approach here.

**First**, the dialogue approach has broadened the audience of government officials that are conversant in the objectives of the Strategic Framework for D&D as well as the provisions of the Organic Law. As a result, they are beginning to internalize the need for, the implications of, and the considerable challenges to implementing reform.

**Second**, specific attention has been given to the interface among the three main ongoing cross sector reforms: Public Financial Management Reform (PFM), Public Administration Reform (PAR) and Decentralization and Deconcentration (D&D). Both PFM and PAR intersect with each other as well as independently and jointly with D&D. The 10-Year Program will capture these double and the triple interfaces, ensuring coordination and sequencing of reform in order that the transfer of functions, finances, and personnel occurs without disruption of government activity. It should be noted that a number of ministries have activated or instituted D&D working groups and are considering how to incorporate D&D reform into overall sector reform.

**Finally**, the dialogue process and subsequent working meetings allowed for a common understanding to be formed with regard to the process and the effects of reform, especially as they relate to the size of government and resource availability. It is now understood that reform leading to formable sub-national administrations has both downstream and upstream implications, which, if not managed properly could dramatically expand the size of government without improving the performance of sub-national administrations, communes, and sangkats. It is necessary to take these implications into account in the overall program in order to ensure that there is limited if any disruption to government operations and to delimit the size of government so that national and sub-national officials understand that decentralization and deconcentration require a shift rather than immediate growth in the size of the overall government bureaucracy.

## **2. Findings for Each Dialogue**

### **2.1. Dialogue 1: Overall Objectives and Strategies of Democratic Development for Formulation of the National Program for Sub-National Democratic Development on November 05, 2008**

The aim of Dialogue 1 was to allow for a deep discussion on the overall objectives of D&D reform described in the D&D Strategic Framework and the Organic Law. Participants from NCDD member ministries, other selected sector ministries as well as experienced practitioners from sub-national level institutions (selective participants from provinces, districts, communes and NGOs) were able to discuss lessons learned from the current decentralization and deconcentration efforts and were able to express their views and visions on D&D for the next 10 years and reach consensus on approaches to materialize those common D&D visions.

#### **Agreements:**

- The RGC's D&D reform is a process that will affect all stakeholders and needs to be implemented in coordination with the other major RGC reforms including PFM and NPAR.
- D&D reform must come out of the Cambodian context and be formulated and implemented step-by-step.
- D&D reform will change the role of the central government to setting policy and standards, and providing direction/regulation for the sub-national level.
- D&D reform is understood differently by different stakeholders and a broader understanding and agreement on the concept and terms is required.
- There are four critical issues that require further discussion: administration and power, budget and finance, capacity, and human resource management.

### **2.2. Dialogue 2: Sub-National Functions on December 11, 2008**

Dialogue 2 addressed the theme of transfer of functions between the central government, the province, district, commune and other entities in the context of the D&D Strategic Framework, the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan, and the Law on the Administrative Management of Communes and Sangkats.

#### **Agreements:**

- Functions must be transferred with appropriate responsibilities and authority over finance (including assets) and human resources.
- More work must be done with the ministries to define more clearly what is meant by the "transfer of functions."

- The objective of transferring functions to SNAs is to promote democratic development and service delivery
- Selected ministries—Education, Rural Development, Social Affairs, Public Works, Industry and Mines—made a preliminary identification of candidate functions for transfer in the short, medium, and long term.

### **2.3. Dialogue 3: Local Finance and Budget on January 13, 2009**

In Dialogue 3 participants held a lengthy discussion on the necessary reform required for local finance and budget in support of D&D reform. Key issues discussed included the level of resources available to sub-national governments; the source of those revenues; how and when resources become available; the rules and procedures for preparing, adopting implementing and reporting on the annual sub-national budgets. Further, participants worked to determine how key issues, for which it is essential that the PFM action plan for D&D and the actions related to fiscal decentralization in the 10-year program need to be consistent and work to reinforce each other, would be discussed. This Dialogue was co-organized by the Ministry of Interior and the Ministry of Economy and Finance.

#### **Agreements:**

- Finance follows function.
- MEF and MOI will work together to adapt the PFM Objective 27 (D&D) workplan to complement the Organic Law and NP-SNDD.
- The line ministries working on PFM need to also take D&D reform into consideration through the PFM and D&D working groups.
- At the Capital and the province level, budgets already exist and the task is to bring budget implementation in line with the Organic Law.
- At the district (and municipality) level, budgets do not currently exist, so the task to establish a district budget system.

### **2.4. Dialogue 4: Accountability, Responsiveness and Oversight on February 19, 2009**

The primary objective of Dialogue 4 was to seek consensus on issues and possible approaches related to accountability, oversight and responsiveness at sub-national levels in the D&D reforms. In particular, discussions focused on demarcating clear lines of accountability of sub-national governments. This includes the horizontal lines of accountability of sub-national units to the respective council and the vertical lines of accountability of different levels of councils. Additionally, participants considered mechanism to ensure accountability at sub-national levels will actually be exercised and lead to greater responsiveness to citizens and improvement of services.

#### **Agreements:**

- To hold an administration accountable, its responsibilities, authorities, finance and personnel must be clearly defined; this requires restructuring of resources, including staff and finance.
- Sub-national levels have two primary lines of accountability; one to the citizens in their territories, and another to the national government.
- Downward accountability to constituents is particularly crucial for the confidence in the whole sub-national system and for the effectiveness of service delivery and democratic development at sub-national levels.
- According to the Organic Law, the Board of Governors is accountable to its council.

- Mechanisms to ensure information is disseminated to the public (through public meetings, public boards and other means) are important as are mechanisms to ensure public consultation through public meetings, hearings and planning process, etc.

## **2.5. Dialogue 5: Local Administration, Management and Personnel on March 6, 2009**

Dialogue 5 addressed those factors that will ensure SNA have the capacity to carry out their responsibilities and subsequently provide effectiveness and efficient services. Participants focused on the institutional function and structure of the sub-national administration, in particular commenting on the importance of gaining clarity on internal lines of accountability between the bodies of the SNA, and the lines of accountability between the SNA and the Line Ministries; and between commune/sangkat councils and provincial/district councils. The participants spent equal time considering the issues related to structure and transfer of civil servants from central to sub-national administrations and the general question of human resource development.

### **Agreements:**

- The roles, responsibilities, communication and work procedures of the councils, board of governors, committees and other key elements of sub-national administrations must be defined before functions and financial resource management, human resources and physical resources and be effectively transferred to SNA.
- The structure of each level of SNA must correspond to the goal/role of the three levels.
- CAR, the State Secretariat for Civil Service and the MoI/D&D will work together to develop the framework for SNA human resource management.
- The goal is to create one personnel management system based on a common legal basis, not a completely separate SNA system.
- A mechanism needs to be developed to build capacity at the SNA level.
- The internal rules and procedures governing the relationships between the council and the Board of Governors must be developed.
- As functions are transferred corresponding line ministry personnel will be redeployed. If the function is assigned to the SNA, the personnel will become staff of the Council.
- The goal is to ensure that overall numbers of staff working at the SNA level will not increase.



**Annex 2**  
**GENDER MAINSTREAMING FOR**  
**SUB-NATIONAL ADMINISTRATIONS**



## ANNEX 2

### GENDER MAINSTREAMING FOR SUB-NATIONAL ADMINISTRATIONS

The 10-year, 2010-2019, National Program for Sub-National Democratic Development (NP-SNDD) clearly outlines that sub-national democratic development could only be effective and sustainable when the gender equality issue is adequately addressed. Furthermore, the NP-SNDD recognizes the importance of gender mainstreaming as one of its Cross-cutting Areas which must be implemented across all five core NP-SNDD Program Areas in order to strengthen governance, promote public service delivery and contribute to people's poverty reduction.

This brief paper presents an overview of the legal and policy framework for promoting gender equality, and of the mechanisms and gender mainstreaming activities necessary for the implementation of the NP-SNDD.

#### 1. Cambodia's Legal and Policy Framework

##### 1.1. Legal Framework

The Royal Government of Cambodia has expressed its commitment to the achievement of gender equality and the empowerment of women through its endorsement of international declarations and conventions which have in turn enhanced the following national legislation and policies:

**The Constitution of the Kingdom of Cambodia** fully acknowledges the equal rights of women and men, including human rights, equality before the law, elimination of all forms of discrimination, and the right to participate actively in the political, economic, social and cultural life of the nation.

**The Royal Government of Cambodia's Rectangular Strategy for Growth, Employment, Equity and Efficiency - Phase II** recognizes increased gender equity as a key component of the strategy. Women are described as "the backbone of Cambodian economy and society" and it is stated that all women are entitled to equal access to health care, education, and skills training, to economic resources and activities, and to decision-making positions at all levels and in all sectors. An important achievement has been the recognition of gender equality as integral to the main government reform programmes, namely Public Administration Reform, Legal & Judicial Reform, Public Finance Management Reform, and Decentralisation & Deconcentration Reform.

**The Strategic Framework for Decentralisation and Deconcentration**, approved in 2005, defines the main policies and principles for guiding administrative reform at the Capital/Provincial And Municipal/District/Khan administrative levels and strengthening the already ongoing reform at the Commune/Sangkat level in accordance with democratic development through decentralization and deconcentration. It ensures that 'the reform will introduce systems and procedures and ensure that people, especially women, vulnerable groups and indigenous minorities can participate in decision-making at Capital/Provincial And Municipal/District/Khan and Commune/Sangkat levels'. It also notes that the 'provincial/municipal and district/khan councils will be established by indirect elections. Women representatives in the councils at these administrations must be ensured'.

**The Law on Administration Management of the Capital, Provinces, Municipalities, District and Khans** provides for gender equality in sub-national participation and its provisions are elaborated in the NP-SNDD main document. The Organic Law includes many provisions in regard to gender equality. It responds to gender equality concerns in appointment, staffing and budgeting, at all levels, and includes provisions for agenda setting and consultation on women's

rights and gender equality issues at sub-national level. Women's and Children Consultative Committees are to be set up under the Capital, Provincial, Municipal, District and Khan Councils.

The sub-decree on the roles and responsibilities of the Capital, Provincial, Municipal, District and Khan Women and Children's Consultative Committee has been formulated, along with a capacity development framework to support effective functioning of these newly established institutions.

**Neary Rattanak III – MoWA's third Five Year Strategic Plan (2009-2013)** consists of Key Strategic Areas, including Promoting Women in Governance and Decision-making. A cross-cutting Gender Mainstreaming Programme focuses on national policy, sector policies, including formulation and monitoring of Gender Mainstreaming Action Plans and the main government reform programmes mentioned above.

## **1.2. National and Sub-National Mechanisms for Gender Mainstreaming**

**The Ministry of Women's Affairs (MoWA)** has responsibility for promoting the role and status of women in Cambodia. MoWA is expected to lead and manage women's affairs and act as a catalyst, facilitator and advocate in encouraging public institutions, civil society and the private sector to integrate gender equality into their policies and programs. It is also responsible for monitoring and evaluating policies and programs on behalf of Cambodian women, and assessing the contributions of women to achieving the Government's goals. MoWA is a member of the National Committee for Sub-National Democratic Development (NCDD), and its sub-committees and is also leading for gender mainstreaming in the D&D reform. At the same time, other ministries who are also member of NCDD have created Gender Mainstreaming Action Groups and Gender Mainstreaming Action Plans accordingly.

**The Ministry of Interior** developed a **MoI Gender Mainstreaming Strategy** that adopts a strategic vision of 'equal participation in decentralisation and deconcentration reform by male and female citizens and by male and female elected and appointed officials. Women and men equally benefit from sub-national policies, decisions, programmes and service delivery'. MoI established a **DoLA Gender Working Group (DGWG)** which will facilitate the implementation and will monitor closely the progress of the strategy in achieving its objectives and make recommendations for adjustments and advancement.

At sub-national level, MoWA is represented by **Provincial and District Departments of Women's Affairs (PDoWA and DOWA)**. Gender Focal Points have been designated in provincial line departments. The Provincial Department of Women's Affairs is represented in the **Provincial Rural Development Committee and the Executive Committee (ExCom)** with the mandate to support gender mainstreaming within their province.

**Women and Children's Consultative Committees** will be established under the Provincial and District Councils in accordance with the Law on Administrative Management of Capital, Provinces, Municipalities, District and Khan. These Committees undertake very important roles in enhancing relationships and building the trust between communities and SNA councils as well as in gathering and disseminating information on women and children's needs.

**Commune Women and Children's Committees (CWCC)** were established according to the guidelines passed in August 2007 (No. 082/NCDD). They help both with bringing women's and children's issues to the commune council planning process and to encourage **Women and Children Focal Points** to play this important role.

## 2. Mainstreaming Gender in the National Program

Gender mainstreaming in NP-SNDD will involve a holistic approach to strengthening SNA institutions and organizations by mainstreaming gender throughout the Program, thus encouraging not only higher participation of women in SNA, but also establishing men and women as equally legitimate political actors. This implies ensuring gender balance of decision-makers in SNAs; having gender-sensitive SNA policies and decisions; and securing equity of their outcome for women, the realization of their rights and the achievement of gender equality. Gender-sensitive sub-national governance must have gender equality and social justice at its centre which requires SNAs to recognize the different needs of women and men and to actively challenge gender inequalities in communities.

To truly ensure that issues related to women are truly mainstreamed it is necessary to take a cross cutting approach, ensuring that the principles of gender equality permeate the entire Program. Gender mainstreaming in NP-SNDD will therefore be achieved by effecting change in SNA institutions, processes and relationships on three levels:

- **Individual:**
  - empowering women as citizens to exercise their rights and engage more concretely in the sub-national governance processes;
  - empowering female SNA elected and appointed officials to participate in and strengthen gender-responsiveness of sub-national governance processes; and
  - raising male SNA elected and appointed officials awareness of gender equality and enabling them to incorporate gender-sensitive practices in their work.
- **Organizational:**
  - strengthening SNA internal organizational capacity for gender mainstreaming (policies, practices, resources); and
  - improving external performance (service delivery).
- **Institutional:**
  - Strengthening SNAs, communities and civil society to challenge social norms that restrict women from participating in governance, to support engagement of women in sub-national governance and to advocate for gender-responsive action of SNAs.

### 2.1. NP-SNDD Gender Mainstreaming Approach

NP-SNDD capitalizes on the entry points and opportunities created in its five core Program Areas to increase opportunities for women and ensure that all services they need are available. Proposed activities will increase women's and other vulnerable groups' access to services and control over development resources and benefits directed at improving livelihoods.

#### 2.1.1. SNA Organization Development

This Program area will incorporate gender equality and equity standards in SNA institutions and increase inclusiveness in institutions and processes of sub-national governance.

##### A). Policy Framework

- Incorporate provisions from relevant international instruments (e.g. CEDAW), Cambodian laws, national strategies (e.g. Neary Rattanak II) and sectoral plans (e.g. GMAPs) in SNA institutional and organizational set up;
- Make women's rights (provided for in international instruments and reflected in the local laws) central to policy making and service delivery;

- Develop SNA policies and procedures to address all forms of discrimination in sub-national institutions and processes particularly paying attention to rights of women and other marginalized groups;
  - Develop policies and programs that are informed by collecting gender-sensitive data, that take into account the aspirations, interests and perceptions of men and women and lead to equitable distribution of resources (e.g. conducting gender analysis, implementing gender responsive budgeting);
  - Develop inclusive policy-making processes for equal participation and contribution of male and female elected officials and staff; and
  - Implement provisions from GMAPs relevant to service delivery with links to and support from relevant GMAG staff (MoI DoLA, SSCS, MoH, MoEYS, MAFF, etc.)
- B). Effective representation of women and other interest groups in sub-national development planning processes (5-year development plan and 3-year rolling investment program)**
- Develop gender-responsive policy-making processes at sub-national level through ensuring and enabling participation of men and women in development planning processes of SNA 5-year development plans and 3-year rolling investment programs; and
  - Incorporate gender-responsive planning and budgeting in all regulations and guidelines for SNAs to be supported by capacity development and technical inputs by MoWA.
- C). Review processes**
- Develop guidelines for conducting gender audit in SNAs to determine SNAs' (i) internal institutional/ organizational policy and practices, and (ii) external service delivery practices, performance in promoting gender equity and equality; and
  - Conduct regular gender audits of selected SNAs at all district levels to assess progress, problems and improvements in gender-sensitive service delivery and organizational gender equality.

### **2.1.2. Human Resource Management and Development Systems**

This program area will incorporate gender equality and equity principles in SNA organization and increase inclusiveness in internal SNA processes.

- A). Equal opportunity policies**
- Develop human resources policies and procedures that incorporate existing legal gender equality provisions; give women equal opportunities and ensure they are treated equally (equal access to jobs, opportunity to attain positions of authority, etc.);
  - Develop HR policies and incentives that ensure that regulations and management of all SNA staff conforms with the principles of gender equality; and
  - Develop key policy and legal instruments that will enable gender equality in SNA including equal opportunity policy at all levels of organization.
- B). Human resource policies**
- Develop relevant policy and define functions, responsibilities and accountability for gender mainstreaming activities in SNAs;
  - Conduct baseline gender assessment of SNA by obtaining comprehensive sex-disaggregated data on the personnel of the SNA at all levels including senior management, middle management, and professional, technical and support staff; and
  - Develop special measures to promote women's entry into sub-national governance (e.g. quota and reservation systems, incentives, financial resources, capacity

building) and affirmative action policies that favour promotion of women into key decision-making positions.

**C. Incentives for promoting gender equality**

- Strengthen gender-mainstreaming support mechanisms and networks (e.g. the Women and Children Consultative Committee, Provincial Department of Women's Affairs and gender working groups of other line offices - similar to GMAGs in line ministries) within SNAs that are properly trained and resourced to carry out their role in inspiring, promoting, implementing and monitoring organizational gender mainstreaming activities;
- Define incentives for individuals to deliver on gender equality (assess staff performance on promoting gender-equality, give awards for men and women 'gender champions', etc.); and
- Create a working environment supportive of women and men with caring responsibilities (flexible working hours, subsidized child-care) to enable them to perform in their positions and to reduce absenteeism from work.

**D). Capacity development**

- Develop training modules in diversity, which include gender equality;
- Develop gender-mainstreaming support mechanisms and networks to carry out their role in gender mainstreaming; and
- Train all SNA staff in diversity and gender equality.

**2.1.3. Transfer of Functions**

This program area will define functions and responsibilities relevant for coherence and coordination of gender mainstreaming activities at sub-national level;

- Develop necessary legal instruments for the operation of and support to the Women's and Children Consultative Committees (WCCC). These relevant legal documents will as well define roles, responsibilities, line of accountabilities and procedures for ensuring and strengthening WCCC inputs into all decision-making;
- Develop procedures for SNA in identifying and defining relevant policies responding to gender issues and ensuring gender balance in consultation process;
- Identify and transfer functions reflecting requirements/needs of women, children and other vulnerable groups to SNAs;
- Strengthen inter-governmental linkages and horizontal coordination, and promote direct accountability to citizens; and
- Monitor the implementation of gender policies and principles of gender equality and equity in transfer of SNA's personnel.

**2.1.4. Sub-National Budget, Financial and Property Management Systems**

This program area will ensure that men's and women's differing needs and priorities are accounted for in SNA financial planning and budgeting. Adequate funding will also be provided for gender-sensitive organizational and institutional changes, including gender-focused staff capacity building and gender equality initiatives within SNA and in service delivery. Moreover, SNAs will analyze, from gender perspective, the overall impact of the financial, budget and asset management systems performance. SNAs will:

- Develop procedures for performance budgeting and service delivery which will inform decision-making (e.g. establishing monitoring systems to assess success in promoting gender equality and poverty reduction, promoting scrutiny of budgets by citizens, including poor men and women);

- Develop and implement gender-responsive fiscal policies, budgeting procedures and guidelines at sub-national level (e.g. gender implication statements) informed by MoWA's experience in incorporating gender responsive budgeting in PFM reform program;
- Link fiscal transfers/fund allocation to gender equity, poverty and other indicators to ensure spending that benefits women as well as other vulnerable groups;
- Provide resources for gender-equality teams/groups to carry out their role in organizational and institutional gender mainstreaming; and
- Provide funding for both women-specific and gender-mainstreamed program.

### **2.1.5. Support Institutions for D&D Reform**

This program area will build a broad base of understanding of the principles of gender equality, challenge gender inequalities in communities and improve women's rights. SNAs will:

- Develop gender-specific curriculum for SNA staff education using existing MoWA manuals (e.g. Gender and analysis training manual, Gender and governance training manual, Manual on advocacy, Manual on monitoring gender priorities at sub-national level, etc.);
- Develop programs for men and women to create a gender-responsive environment in SNA institutions through developing knowledge, skills and attitudes of officials on gender equality (e.g. strengthening political will, gender awareness exercises, training and mentoring);
- Work with communities and civil society organizations to create shared understanding of what decentralization and democratic development means for ordinary women and men in terms of enabling their participation (e.g. through community consultative meetings/groups, public awareness campaigns and practical demonstration of 'SNA governance in action');
- Develop campaigns and work actively with communities towards elimination of stereotypes associated with women's and men's traditional roles in governance;
- Promote women's representation in SNA governance processes to challenge social norms that restrict women from participating in governance and politics;
- Provide incentives/ for men and women 'gender champions' in promoting gender equality in SNAs;
- Formulate associations/networks of female SNA officials to support each other's efforts in SNAs (use lessons from Female Commune Councils Network), and develop their capacity to monitor and lobby for gender-sensitive policies; and
- Identify resources, both financial and human, to formulate and implement gender – sensitive policies and to challenge the unequal distribution of assets and resources that prevents women from engaging in sub-national governance processes (e.g. education, health, political participation).

## **2.2. Capacity Building**

While creating opportunities for women in sub-national administrations to be integrated into the five Program Areas, there remains a requirement to focus on the limited capacity they have with regard to experience and knowledge of how to take advantage of these openings. Thus the Capacity Development Plan defines support necessary to ensure women have the requisite skills to have their voices heard in SNAs.



**Annex 3**  
**ACCOUNTABILITY OF**  
**SUB-NATIONAL ADMINISTRATIONS**

## **ANNEX 3**

### **ACCOUNTABILITY OF SUB-NATIONAL ADMINISTRATIONS**

The implementation of the 10-year (2010-2019) National Program for Sub-National Democratic Development brings about the changes from a centralized management system to a decentralized and deconcentrated management system which strengthens governance and autonomy of SNAs, promotes efficacy of public services and contributes to the effort for reduction of the people's poverty. These changes will have an impact on the lines of accountability of national and sub-national agencies. In this respect, the NP-SNDD envisages the strengthening of the accountability lines of SNAs as one of its cross-cutting Program Areas which requires careful study on the existing organic laws in order to developing relevant regulations, mechanisms and detailed activities for all five NP-SNDD Program Areas.

#### **1. Legal Basis for Promoting SNA Accountability**

Provisions relevant to SNA accountability are written in the Law on Commune/Sangkat Administrative Management, the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans, the Law on Elections of Commune/Sangkat Councils and the Law on Elections of Capital, Provincial, Municipal, District and Khan Councils. To implement these provisions, however, this paper seeks to identify accountability gaps and provides suggestions for additional legal or regulatory measures and mechanisms to strengthen SNA lines of accountability.

##### **1.1. The Elections of Sub-National Councils**

The Law on Elections of Commune/Sangkat Councils provides for the direct elections of commune/Sangkat councils by citizens in those respective communes/Sangkats while the Law on Elections of Capital, Provincial, Municipal, District and Khan Councils provides for the indirect elections by the commune/Sangkat councilors. Both the direct and indirect elections are based on proportional representation. Candidates must be nominated in the list of one of the registered parties. The candidate on the top of the candidate list which occupies the most seats of the council automatically becomes the chair of that body.

This procedure provides power for the political parties in preparing the candidate lists of sub-national councils. Therefore, it is natural in such circumstances for elected council members to feel accountable to their party, and get involved as well with SNA line of accountability to the people. This does not mean, however, that this particular electoral process is necessarily incompatible with sound local governance. There are similar systems for electing local officials that have produced well-functioning sub-national governments, including in many European countries.

##### **1.2. Appointment of Key Sub-National Administration Officials**

The Law on Commune/Sangkat Administrative Management and Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan provide for the appointment and replacement of key sub-national officials. These include the clerk in each commune/Sangkat, the governor and board of governors, chief of finance and director of administration in the Capital, and in each province, municipality, district and Khan. However, Article 173 of the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan requires that personnel who are appointed to work with the council or personnel who are re-deployed to the council are the personnel of the respective council. This means that all appointed personnel to SNAs are accountable to their respective SNA council.



Furthermore, this Organic Law also requires for the development of a separate statute of SNA personnel in order to promote lines of accountability of those appointed personnel to their respective councils.

Based on above principles and relevant provisions of the Law on Commune/Sangkat Administrative Management; the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan; additional legal instruments and guidelines on the working relationship between SNA council and board of governors, and on council's rights in management, supervision and oversight provision to its personnel shall be formulated. These personnel include staff appointed by the respective council, staff appointed to the council by the government and re-deployed staff. Doing so will ensure SNA council's accountability to its respective citizens as well as raises the council's capability to respond to its citizens' needs.

### **1.3. Respective Roles of the Council and the Executive**

The Law on Commune/Sangkat Administrative Management and the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan provide clear guidance on the respective roles of the councils and the executive. Councils have sole authority to approve development plans, the budget, investments, fiscal policy regarding local taxes and fees, management and use of assets, key personnel decisions and internal rules and regulations. They also are responsible for monitoring and evaluating the performance of the executive. They may not delegate this authority to the executive.

The executive generally is charged with implementing council decisions and providing advice and guidance to the council in the performance of its duties. Further, the laws provide that any decision or activity by the Board of Governors or Governor that have not been authorized by the council "shall be invalid".

This clear and specific separation of the authority and roles of elected officials (the councilors) and the executive (mostly Government appointees) provides a sound basis for achieving downward accountability in the sub-national administrations.

### **1.4. Transparency / Consultation / Access to Information**

There are multiple provisions, especially provisions in the Articles 23, 27, 64 and 70 of the Law on Commune/Sangkat Administrative Management and Articles 38, 41, 43, 68 and 166 of the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan which provide the basis for consultation with citizens, access to information and transparency in general. These include measures that require:

- Open council meetings, supported by publication of the calendar of council meetings, and other key documents including the agenda and minutes
- Specific consultation with citizens in preparing development plans by the council itself and/or the Board of Governors, including by a survey
- Appointment of committees to advise the council, including a Committee on Women and Children's Affairs, and also on any topic that the council wishes
- Selection of a village chief in each village of the communes/Sangkats to serve as liaison between the council and the residents
- Public dissemination of the annual report on the performance of the sub-national administration
- Free availability of key council documents, mostly through public information boards
- Dissemination in writing of the duties of the Board of Governors
- Appointment of a procurement committee to oversee the integrity, openness, transparency and fairness of all procurements of the sub-national administrations.

The Law on Commune/Sangkat Administrative Management and Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan also give the rights to the RGC and SNA councils to formulate and establish additional legal instruments, guidelines, mechanisms and measures aiming to promote and strengthen public hearings, public access rights to information and transparency. These include legal instruments and mechanisms for:

- Public hearings, supported by a requirement for advance publications of key documents, prior to key decisions by the council
- Consultation on the local budget
- Citizen and/or CSO membership in council committees by defining clear and appropriate roles and not only in a capacity as advisor or observer
- Citizen's 'right to access' information

### **1.5. Monitoring / Evaluation**

The Law on Commune/Sangkat Administrative Management and Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan authorize the councils to follow-up, monitor and evaluate the implementation of plans, programs, projects and performance in the delivery of services. The report also must include a special report by the Women and Children Affairs Committee on issues relevant to their mission and interests. Further, the councils must adopt the report within 45 days of the conclusion of the budget year and make it freely available to the public.

Together these measures provide a recurring basis for general oversight by citizens and other stakeholders of the performance of the sub-national administrations.

To promote effective implementation of these legal provisions, additional monitoring and evaluation legal instruments, mechanisms and measures shall require or enable:

- The participation of citizens and other stakeholders in the monitoring and evaluation process, such as through social audits
- Formal audits of local finances by internal and/or external auditors
- Public hearings to discuss the findings of the annual monitoring and evaluation report and financial audits and the steps the council will take to address problems and improve performance

### **1.6. Upward Accountability (or Legality Control)**

The Law on Commune/Sangkat Administrative Management and Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan provide broad authority to the Minister of the Ministry of Interior to challenge the legality of the acts of the councils to ensure that Deika (by-laws) and decisions of the councils are in accordance with the constitution, laws and other national regulations. For instance, the Minister may void the act and/or order the council to revise the act. In addition, the Minister has the authority to monitor the implementation of roles and duties and any abuse of power taken place at the sub-national level.

All else failing and according to the above Organic Laws, the Minister may dissolve the council in the case of Communes/Sangkats or request that the RGC dissolve the council in the case of the Capital, Province, Municipality, District and Khan. The Minister also may issue written instructions to the Communes/Sangkat council to carry out their duties or may take over the duties directly until a new council takes office. Finally, the Minister may initiate the process of terminating the appointment of the governor or deputy governor at the request of the council.

At the same time, the Organic Laws provide that citizens may seek redress when they have been adversely affected by acts of the councils.

To smoothly implement these extensive provisions regarding upward accountability without affecting SNA autonomy and SNA accountability to their citizens, NCDD will develop and strengthen mechanisms and measures for legality control and intervention of the central ministries to SNAs by requiring or enabling:

- More precise definition to provide greater certainty of the council acts subject to review for legality and of the timing and process for that review
- Measures establishing the scope and substance and the process of monitoring and evaluation by line ministries of the performance of functions of the sub-national administration (monitoring of expediency)
- Recourse by the councils, either by appeal to the Government or through the courts, when disagreeing with the central ministry's decisions to challenge the legality of their acts and decisions.

### **1.7. Downward Accountability**

Articles 11 and 12 of the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans mandate that the councils will “establish, promote, and sustain democratic development” including:

- “Public representation;
- Local autonomy;
- Consultation and participation;
- Responsiveness and accountability;
- Promotion of quality of life of the local residents;
- Promotion of equity;
- Transparency and integrity;
- Measures to fight corruption and abuse of power.”

Article 19 provides that “each council shall represent and act on behalf of all citizens living within its jurisdiction”. Article 34 further provides that “the council shall be accountable directly to all citizens for making decisions on priorities and for ensuring democratic development within its jurisdiction”. The law also includes a measure making the council “responsible for all decisions and actions undertaken by the committees that were established by the council” (Article 121).

These are clear principles and statements establishing the downward accountability of sub-national administrations. How well they work in practice will depend largely on the resolution of issues identified in the prior sections and additional provisions, mechanisms and measures to reinforce and enforce downward accountability including:

- Provisions requiring action by the council on a specific issue, if supported by a specified percentage of the local community
- A requirement that certain key decisions of the council be ratified by referendum
- Provisions providing citizen's rights to request for the recall of elected council members before their term in office by citizens under certain specific circumstances
- Provisions of rights of SNA councils to appoint their sub-national administration staff
- Provisions requiring public access to information.

## **2. The Promotion of SNA Accountability in the National Program**

To promote SNA accountability, the NP-SNDD identifies four lines of accountability as following:

- 1. Internal accountability** which is within a unit of SNA or among the SNAs own entities. In the context of sub-national democratic development, the strengthening of the internal accountability focuses on the development of mechanisms, procedures

and measures for each tier of SNAs to ensure that the council (the elected) as the highest responsible body in their respective jurisdictions can make decisions based on their citizen's needs and priorities, has the means and ability to monitor and guide their board of governors and other units on the implementation of their decisions.

2. **Intra-SNA accountability**, which refers to accountability among/between SNAs or units of SNAs, at the same or different levels. The primary tasks in strengthening this intra-SNA accountability is the promotion, support and accountability of the municipal/district council to the commune/Sangkat councils in their jurisdiction in accordance with the Articles 97, 98 and 100 of the Law Administrative Management of Capital, Provinces, Municipalities, Districts and Khan.
3. **Inter-governmental accountability**, which is between the central government, line Ministries, institutions and departments with SNAs. Furthermore, the inter-governmental accountability will emerge via the SNA legality control, inspection of sectoral technical standards, and administrative and financial audits.
4. **Accountability of SNAs to citizens** refers to political accountability between SNA and citizens in their jurisdiction through the development of mechanisms, procedures and measures to ensure citizen's participation in SNA governance process.

## 2.1. SNA Organization Development

This Program Area of SNA Organization Development (Program Area 1) will be a key locus for the exercise of all four lines of accountability, in the manner as follows:

- Internal accountability, via the establishment of rule based administrative systems and reporting requirements;
- Intra-SNA accountability, particularly in respect to the C/S support units to be established by the districts and in respect to lines of reporting among/between the various tiers of SNAs;
- Inter-governmental accountability is implied via the horizontal coordination and line departments in the context of unified administration; and,
- Accountability to citizens through (i) surveys of citizen satisfaction with services; (ii) IT to increase citizen access to information and services; (iii) guidelines, instructions and instruments for consultation, information and participation of citizens; (iv) development of citizens engagement programs and various mechanisms of citizen involvement.

Concretely, this Program Area has a primary focus on the development of mechanism, procedures and measures to strengthen internal accountability in relation with roles, duties and working relationship between the council's boards of governors, committees and other units implementing the council's decisions with their respective councils, and the intra-SNA accountability by placing the focus on working relationship between different tiers of SNAs, especially between district administration and commune/Sangkat administrations in the respective district.

## 2.2. Human Resource Management and Development Systems

The development of the Human Resource Management and Development Systems will emphasize on the lines of accountability of different SNA units, chief of finance, director of administration and board of governors, the monitoring/oversight roles of the respective SNA council on management and assignment of SNA personnel by the board of governors and the director of administration, and the functioning of council's committees in accordance with the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan, particularly with Articles 119, 154, 155, 157, 162, 163, 184, 190 and 191. Important and urgent tasks to strengthen lines of accountability in SNA Human Resource Management and

Development Systems include:

- Defining and development of roles, duties and working procedures of SNA management bodies and different units, and corresponding TORs of SNA personnel;
- Development of separate statute for SNA civil personnel aiming to transfer the management of SNA personnel to respective SNA council;
- Development of public relationship events for SNA personnel with local community to promote awareness and knowledge on roles and responsibilities of SNA personnel and roles and responsibilities of citizens to participate and promote democratic development in a regular manner;
- Development of human capacity development programs and activities aiming to strengthening accountability to citizens (as public service recipient).

### **2.3. Transfer of Functions**

In the process of Program Area 3 “Transfer of Functions” implementation, inter-governmental accountability emerge clearly through the transfer of functions, responsibilities and authorities in managing resources to carry out those transferred functions. SNA councils shall have direct accountability to their citizens for the implementation of the assigned permissive functions while the citizens shall be provided with rights and information, and encouraged to directly monitor and evaluate the performance of SNA.

The transfer of obligatory functions shall be implemented in accordance with the Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan, particularly with the provision under Article 225. Provision of maximum authority to SNA council in managing and implementing obligatory functions as well as authorities in implementing activities to promote public awareness on roles and responsibilities of SNAs will boost SNA accountability to their citizens. In this respect, central ministries and agencies will retain important roles for the development of relevant policies, minimum technical standards, provision of capacity and monitoring on the undertaking of the functions by the SNAs.

In order to strengthen inter-governmental accountability and downward accountability (accountability to the citizens), Program Area 3 “Transfer of Functions” will focus on:

- Clearly identifying functions, responsibilities and authorities in managing resources for carrying out the functions by types of SNAs;
- Identifying roles, responsibilities and authorities to be retained at the national level;
- Defining minimum technical standards and capacity needs for specific functions to be transferred;
- Defining clear M&E procedures to be conducted by the respective central ministries;
- Conducting public awareness programs on roles, responsibilities and authorities in managing resources to carry out the transferred functions as well as roles, responsibilities and authorities to be retained at the national level;
- Conducting public forums with concerned citizens on SNA public service provisions;
- Conducting Citizen Report Cards on specific services provided by SNAs;
- Establishing accountability working groups, ombudsperson offices, feedback mechanisms such as feedback boxes, telephone hotlines and other means.

### **2.4. Sub-National Budget, Finance and Property Management Systems**

For this Program Area 4, lines of accountability will be strengthened through the following mechanisms:

- Internal accountability (horizontal) – via internal audit, relations and processes between council and Board of Governors (BoG)/Administration in respect to budget implementation;

- Intra-SNA accountability (vertical and horizontal/upward and downward), particularly for sharing of specified revenues between district and the Communes/Sangkats within the district;
- Inter-governmental accountability (vertical/upward) is exercised through MEF financial inspections and National Audit Authority (NAA) audits of SNA financial performance; and,
- Accountability of SNA to citizens (downward) in respect to budget development, choices, and implementation; public hearings related to budget, investment, development issues should be developed, and pilots conducted with respect to social auditing, and the possibility of inserting requirements for citizens or Commune councils to formally approve budgets as a means of exercising authority over higher levels of government.

In order to strengthen democratic principles through comprehensive downward accountability mechanisms, special attention will be given to enable citizens', women's, community vulnerable groups' and civil society's organization scrutiny of public spending (e.g. the provision of legal rights to citizens requiring for public disclosure of finances and obtaining appropriate responses).

## **2.5. Support Institutions for D&D Reform**

The Law on Commune/Sangkat Administrative Management and Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khan require that SNAs are directly accountable to the citizens and Royal Government. In this respect, NCDD will enable the development of clear mechanisms and procedures to ensure that SNAs are accountable to the citizens in their respective jurisdiction and that there are clear mechanisms and procedures to limit the controls of central ministries and agencies (inter-governmental accountability) on SNAs. Furthermore, NCDD will enable the establishment and strengthening of an administrative mediation and conflict resolution mechanism to ensure a means to reinforce SNA internal accountability and intra-SNA accountability processes.

NCDD will develop legal instruments and procedures, and establish necessary mechanisms concerning the following:

- Rights of SNAs' councils in challenging for recourse in the case of suspension and/or invalidation an act of a local council or to dissolve a council by central government;
- Enabling environment for the establishment of SNA associations and SNA council associations' capacity development to raise SNA status, capacity, especially to protect SNAs' rights and interests
- Provision of adequate resources for the establishing and functioning of downward accountability mechanisms, particularly for public access to information, public consultations, citizens' feedback in governance process as well as social audit (citizen's M&E) in SNA's performances.

Finally, NCCD will develop a comprehensive accountability framework which sets out clearly and simply the accountability of all key actors at sub-national levels of governance.



**Diagram on the National Program  
for Sub-National Democratic Development**

