



Royal Government of Cambodia
Nation - Religion - King

DRAFT DISCUSSION PAPER

***A New Development Cooperation
Partnership Paradigm for Cambodia***

**(Strengthening Development Cooperation and
Aid Coordination and Management)**

**Prepared for the Consultative Group Meeting, 24-26 May, 2000
by the Council for the Development of Cambodia**

FOREWORD

It is generally agreed that Cambodia's national ownership of the development agenda and leadership of the development process are necessary for successful partnerships. In 1993-1995, although the Royal Government had already drafted and presented the *National Programme for the Rehabilitation and Development of Cambodia* (NPRD) at the 1994 ICORC Meeting and an update for *Implementing the NPRD* at the 1995 ICORC Meeting, Donors continued to assume a major role in defining and designing our country's development policy for their support. In 1995, the Royal Government also established the *In-Country Aid Coordination System*, which facilitated Overall Aid-Coordination and Policy Consultation, Thematic and Sectoral Development Consultations, regular Inter-ministerial Coordination within the Government, and periodic Consultations between and among Donors. Although, major improvements have been achieved in building partnerships for development since 1997, the current situation is such that a significant proportion of ODA still bypasses the National Budget process and involves direct funding by donor agencies of project implementors. This situation has resulted in inadequate Government ownership of many projects, in "piece-meal" efforts and insufficient coordination by donor agencies regarding sectoral issues and institution building, in a proliferation of different procurement, disbursement, auditing, and progress monitoring procedures among agencies, and in the formation of specialized donor-supported project management units staffed either by expatriates or by nationals with "topped up" salaries, which have adversely impacted institution building.

As discussed in recent OECD/DAC conferences, there is a need to move from a situation of "donor-ship" to "local ownership". The key to this transformation is actual responsibility by the Government for resource management. The Government intends to show political will to assume ownership of its development agenda and leadership of the process necessary to develop it. Management tools like the Programme approach, the Sector-Wide Approach, the Comprehensive Development Framework (CDF), the UN Development Assistance Framework (UNDAF), etc. can all be helpful, but Donors need not push particular approaches since this may undermine the Government's credibility vis-à-vis civil society. There needs to be an open and wide consultation process for establishing the national development agenda, mainly, in poverty reduction and alleviation strategy. Once the common objectives have been established, Donors should adjust their own strategies and activities to the directions provided by our Government. Capacity building must be an integrated approach that also covers civil society, the public sector and the private sector. This is an area where *true partnership* could lead to major efficiency gains.

There is also, at present, a general consensus between the Royal Government and the International Donor Community that the aid management and coordination burden has increased considerably, which is affecting the sustainability of development cooperation. Existing approaches and supporting management systems in Cambodia that were built to meet the demands for aid management and coordination of several years ago are, with accelerating paces of internal and external change, now straining our human resources. Alternative approaches for better coordination to deal with a number of issues are being proposed or promoted by different Donor Agencies, as well as by international organizations such as OECD/DAC. It is clear that these issues that can only be tackled by more cooperative, integrated and inclusive dialogue and focused approaches. The issue of partnerships was discussed at 3rd Quarterly Government – Donor Consultation Meeting in Phnom Penh on 5-6 April 2000. Most of the issues and questions raised so far are inter-related. A comprehensive capacity assessment of the existing aid management/coordination and development cooperation system would be needed in order to generate a full understanding of the existing problems, issues and challenges. It is only by fully understanding the problem - and reaching consensus on the problems - that effective, workable solutions can be devised.

In view of these developments, the Government is presenting a draft discussion paper entitled *A New Development Cooperation Partnership Paradigm for Cambodia* at this Consultative Group Meeting. In this paper, the Government presents an overall vision for such a partnership by clarifying some ideas on the nature, structuring and implementation of partnerships that might support the achievement of our country's national development outcomes through more collaborative arrangements. This approach would serve to link Donor-funded capital investment projects and programmes more closely with the priorities identified in the Royal Government's Socio-Economic Development Plan, Public Investment Programme (PIP), Ministries' Priority Action Programmes (PAPs), and our medium-term Public Expenditure Programme (PEP), all of which operate within the National Public Investment Management System (PIMS). We envision that our existing In-Country Aid Coordination System will continue to foster inter-governmental coordination meetings and sectoral meetings with the Donor community, and assist bilateral and multilateral donors during country or project programming missions and resource mobilization and programme implementation discussions.

These ideas and views are those of the Royal Government, and are in part synthesized from various donor sources, international organizations and experiences from other countries. These ideas are neither meant to be complete nor fixed, but rather to serve as a reasonable starting point for more meaningful discussions, consultations, negotiation and the launching of efficient and agreed process leading to the launching of formal partnership arrangements.

At the outset, consideration and implementation of a meaningful development cooperation partnership concept for Cambodia implies a *major shift from the way things are currently done*, into one that allows for and addresses the capacity gaps, constraints and burdens. Partnerships cannot simply serve as a new word to rationalize "*business as usual*". The implementation of a new development partnership concept implies major long-term transformational change on the part of all the Partners - the Royal Government in combination with civil society and the private sector, and the International Donor Community – and especially changes in the way in which internal and external relationships are to be managed. The Government accepts that there are different views as to what a development partnership might be and what models or approaches might work. A successful transition to a new partnership concept must be based on a mutually understood and accepted definition of the concept, and a general understanding and acceptance of its implementation considerations. It is one thing to define a concept, and quite another to put it into practice.

In establishing mutually-beneficial *Partnerships*, the Government intends to clearly utilize the OECD/DAC guidelines and criteria established for donor agencies in implementing partnership and capacity development activities, as well as the principles for Strengthening Development Partnerships and simplifying and harmonizing donor procedures, which were agreed on by all donor agencies/countries at the 1999 OECD/DAC Conference. These guidelines and basic criteria will help our Government and its development partners in determining the capabilities of lead agencies, facilitators and proponents in being able to provide a "check and balance" between donors which will participate in partnership agreements and those which intend to continue on with the traditional project-based assistance. This will ensure that no hindrances arise in the mobilization of ODA and in the implementation of development activities, which benefit Cambodia and its population.

Aid coordination and management is not only leadership in the entire process but more so the ability for the lead agencies and facilitators to manage the process and secure consensus in order to leverage varied activities and resources in a most effective manner. There is likelihood that, unless the process management issues are well coordinated between Government and Donors, this would again lead into a "donor-driven situation".

It is with this resolve that we reiterate that the Royal Government intends to be cautious and selective in such implementation. We fully intend to take the lead responsibility in the process of aid coordination and management in the development of such *Partnerships*, and we will demonstrate the political will to assume full ownership of our own development agenda and leadership of the process necessary to develop it.

With these proposed actions and implementation considerations, as outlined in this draft discussion paper entitled *A New Development Cooperation Partnership Paradigm for Cambodia*, the Royal Government invites the International Donor Community, International Financial Institutions, international organizations and NGOs, and national stakeholders to help us engage in a meaningful dialogue that will propel Cambodia forward to a new paradigm for development cooperation and aid coordination, through the use of Development Partnerships.

The end result of all these efforts in innovation is to help us achieve poverty alleviation, through poverty reduction schemes, and to ensure a more cohesive, consensus-based development for Cambodia and its people.

Phnom Penh, 10th May, 2000

KEAT CHHON, MP

Senior Minister, Minister of Economy and Finance,
Vice Chairman, Council for the Development of Cambodia

-- Contents --

<u>Section</u>	<u>Page</u>
1.0 CURRENT SITUATION	1
1.1 The Changing Aid Coordination Landscape in Cambodia	1
✘ The ODA Landscape	1
✘ Increasing Aid Flows	1
✘ The Need for Strengthened Management and Coordination	2
✘ The Challenge for Aid Management and Coordination	2
1.2 Key Issues to be Addressed in Cambodia	3
2.0 VISION OF A NEW DEVELOPMENT PARTNERSHIP	4
2.1 Some Strategic Considerations – a ‘Paradigm Shift’	5
✘ From ‘Donorship’ to ‘National Ownership’	5
✘ From Control to Leadership	5
✘ From Coordination to Collaboration	1
✘ From Piece-Meal/Process to Programmed Development Outcomes	5
✘ From Dependency to Sustainability	1
✘ From Discussion to Action	6
2.2 Major Characteristics of Partnerships for Cambodia	6
✘ Common Vision and Shared Objectives	6
✘ Agreed Governance and Accountability Structures	7
✘ Harmonized Strategic Management Capacities	8
✘ Harmonized Operational Capacities	8
✘ Learning and Adaptation Capacities	8
✘ Building and Maintaining Trust	9
3.0 IMPLEMENTATION CONSIDERATIONS FOR CAMBODIA	9
✘ Development Partnerships Are Not a Panacea	9
✘ Selecting the Right Partnership Model or Approach	10
✘ Identifying and Differentiating Partner Roles	10
✘ Starting Gradually, Getting Priorities Right and Using Pilots	10
✘ Developing National (in-country) Coordination Capacities	10
✘ Strengthening External Donor Capacities for Aid Management & Coordination	10
✘ Linkages to Governance and Public Administration Reform	10
✘ Managing National and Collective Expectations	11
4.0 BENEFITS AND RISKS	11
4.1 Planning Strategically for Benefits	11
4.2 Understanding and Managing the Risks	12
5.0 NEXT STEPS	13
Some Immediate Tasks (May – December, 2000)	13
Some Other Key Considerations	14

1.0 CURRENT SITUATION

In Cambodia, aid coordination and management has undergone a number of changes over the past several years, responding to increasing flows of foreign aid and direct investments, to an increasing mix and number of foreign and national players in development, and to a more complex, cross-sectoral and multi-disciplinary development agenda. In-country aid coordination is currently carried out at various levels: General Information Sharing and Consultation; Strategic Policy Coordination through such mechanisms as Sectoral and Thematic Working Groups; Inter-Ministerial Coordination; and through formalized operational coordination, such as through the monitoring of funded projects and programmes. These inputs feed into the Consultative Group Meeting mechanism, which is the current external aid coordination and resource mobilization mechanism. The Royal Government has set up management systems and institutional mechanisms to support these differing levels of In-Country and External Aid Coordination, primarily through the Council for the Development of Cambodia and through various planning tools and information/reporting systems. Donors also have their own systems and policies for coordinating the planning and delivery of development assistance to Cambodia. National trends and issues, supported by global pressures, are pointing to the need for more collaborative and integrated arrangements between the Royal Government and its external development partners. The aid coordination and development cooperation landscapes are changing - globally, as well as nationally. Existing policies, institutional structures, systems and tools governing this landscape appear not to be adequately meeting current and anticipated coordination challenges. This section highlights this changing landscape, and the key drivers for change in aid coordination/management and development cooperation in Cambodia.

1.1 THE CHANGING AID COORDINATION LANDSCAPE IN CAMBODIA

* ***The ODA Landscape.*** Cambodia has continuously relied on substantial external financial and technical assistance in the form of Official Development Assistance (ODA) and Foreign Direct Investment (FDI) to supplement and complement available domestic national resources to finance the country's development, as well as to increase the efficiency of investments supportive of self-sustained growth. ODA to Cambodia is provided either through multilateral institutions or through bilateral cooperation programmes. Bilateral programmes are accredited to a specific donor country with major themes of cooperation. Multilateral institutions include the United Nations (UN) System, the European Union (EU), international financial institutions (or IFIs), such as the World Bank (WB) and the International Monetary Fund, and regional development banks such as the Asian Development Bank (ADB). A number of donors implement their projects/programmes, either in part or entirely, through agencies under the UN system and/or through non-government organizations (NGOs), which provide additional "core and/or own resources". The World Bank and the Asian Development Bank have their own distinct programmes. In addition, a significant number of co-financing agreements are made by bilateral donors for use of multilateral agencies and international financial institutions.

* ***Increasing Aid Flows.*** From 1992-96, ODA continued to increase by an average of 22% annually. ODA disbursements dropped by 26% in 1997 due to the uncertain political situation and the inability of donor providers to deliver required services, but increased again by 13% in 1998 with the advent of political stability. In 1999, with the favorable conditions created by the successful 1998 July General Elections, by membership in ASEAN, the dismantling of the political and military organizations of the Khmer Rouge, and the accomplishment of peace for the first time in many decades, Cambodia is starting again to achieve encouraging results. In summary, from 1992-1999, ODA grew by an average of 9.10% annually.

The International Community has pledged a total sum of about US\$4 billion as assistance to Cambodia at the three ICORC (International Committee for the Reconstruction of Cambodia) meetings held so far and at the 1996, 1997 and 1999 Consultative Group Meetings. Of this amount, about US\$3.172 billion was estimated to have actually been disbursed for projects and activities by the end of 1999. Pledges since 1992 have averaged US\$500 million per year, while donor disbursements from bilateral, multilateral and NGO sources have averaged about US\$400 million per year.

The increases in aid flows, the rising numbers of players in development and the greater complexities associated with inter-sectoral development has significantly altered the aid landscape in Cambodia. The landscape is one of a piece-meal approach to projects and programmes that may or may not be linked to and supportive of the national development agenda. The landscape is cluttered with duplicating systems and procedures for project/programme management and reporting (including countless missions from dozens of organizations wanting to meet, usually, with the same, small cadre of senior government managers), with an array of supporting donor driven systems and procedures that are not synchronized sufficiently with similar government systems and procedures. All this is

stretching national capacities to the limit, increasing the burden of the Government, as well as placing pressure on donor agency capacities to manage and coordinate development assistance.

✦ **Trends Point to a Need for Strengthened Management and Coordination.** The burden associated with the management and coordination of development assistance is not so much measured by absolute flows of assistance, but rather in terms of the "volumes and roles" of the players involved, of the nature of assistance (through programmes, projects and other forms), and in terms of the consequent planning and operational impacts on Government institutions, policies, procedures and staff. The following trends serve to illustrate the growing demands being placed on management and coordination of external assistance:

- While the number of multilateral donors has remained fairly constant over the past several years, total disbursements have more than doubled from 1992 to 1999. This implies that there has been a corresponding increase in projects approved each year, as well as a much larger portfolio of about 1,000 ongoing and active projects and programmes. Disbursements from United Nations agencies have quadrupled over the same period requiring even greater coordination among these agencies, as well as with the Government and national organizations.
- The greatest increase in disbursements has been through NGOs, where there has been an annual average increase in disbursements of over 100%, with total disbursements of at least US\$55 million in "core resources" of NGOs in 1999. These disbursements are for relatively small projects, while the total number of annually approved and active projects have increased correspondingly. There has also been a dramatic increase in the number of international and national NGOs active in Cambodia's development, especially in executing donor-funded projects. This has placed severe pressure on both in-country and external aid coordination and management mechanisms.
- Research in other countries shows that a portfolio of 600 projects could translate into more than 2,000 quarterly reports a year submitted to different oversight entities, and more than 1,000 annual missions to appraise, monitor and evaluate, not to mention the thousands of supporting meetings of one form or another. With upwards of 1,000 on-going projects, it is not hard to extrapolate the onerous overhead costs for both our Government agencies and Donors to support aid coordination and management in Cambodia.
- The nature and mix of project types has also been dynamic over the past several years, invoking new and changing procedures for both Donors and our Government. Projects consist of free-standing technical cooperation, investment-related technical cooperation, investment project assistance, budgetary aid/balance of payments support, food aid/emergency and relief assistance. As a case in point, the disbursements in support of HIV/AIDS projects have increased almost nine-fold from 1994 to 1999 with very large increases in the number of NGOs executing or involved in the implementation projects.

✦ **The Challenge for Aid Management and Coordination.** Over the past six years, we in the Royal Government of Cambodia have had difficulty in effectively mobilizing internal domestic financial for requisite capital investments and our scarce human resources talent in maximizing the utility value of both ODA and private sector resources for the delivery of public services. Constraints on the lack of capacity to implement development projects have been documented for years both by the CDC and by Donor Agencies, which likewise negatively influences the effective utilization of private sector investments into Cambodia.

Some of these constraints also relate to rules, procedures and regulations governing the use of external assistance, as well as on differing donor procedures and application of funds. This situation is of critical concern to the Royal Government and to the International Donor Community alike. The key success factors for turning this situation around may be found, at least in part, in the Royal Government's intention pursue reforms in the areas of revenue mobilization and Good Governance, as well as targeting ODA resources for human resource capacity development and for the social sectors. However, there is a consensus that these reforms will take a long time and substantial resources to yield benefits.

Mission-Bombardment Syndrome

This syndrome paraphrased from a recent donor evaluation of aid coordination can be described as "... an unintended consequence where the sheer volume of resources and numbers of donors, activities, and complex and inconsistent procedural requirements overwhelm a government's capacity to plan, budget, manage, monitor and evaluate".

1.2 KEY ISSUES TO BE ADDRESSED IN CAMBODIA

There is, at present, a general consensus between the Royal Government and the International Donor Community that the aid management and coordination burden has increased considerably, which is affecting the sustainability of development cooperation. Existing approaches and supporting systems in Cambodia that were built to meet the demands for aid management and coordination of several years ago are now, with accelerating paces of internal and external change, straining our human resources. Alternative approaches for better coordination to deal with a number of issues are being proposed or promoted by different Donor Agencies, as well as by international organizations such as OECD/DAC. A number of **Strategic Management Issues** identified by the Royal Government -- and also recognized to varying degrees by our External Partners -- are highlighted below:

- The *National Ownership* of many donor-funded projects and programmes is not as strong as it should be, and indeed many initiatives are being "donor driven". We in the Royal Government may not be taking enough *Leadership* in developing and setting the overall policy agenda for development, or for coordination of development cooperation. While the Royal Government has set out a broad development agenda geared towards poverty alleviation, there is some disagreement on specific sectoral and thematic development priorities and approaches, and even some duplication of policy thrusts and the setting up of implementation mechanisms.
- There exist *large financial flows outside of the National Budget mechanism* (especially for capital investments). The degree to which such flows support our national, sectoral and thematic development objectives is sometimes unclear, as well as, the degree to which such flows of assistance sometimes duplicate one another.
- Systems of *Governance and Accountability* for national and cooperative development (strategic planning, financial management, etc.) are not up to a standard that would engender national and international confidence. In some cases Donor and NGO accountability for projects and programmes (including evaluations and audits) are perceived as being weak.
- Undue attention is still given to inputs, processes and outputs in development and in aid management and coordination, with not enough focus on performance management and the measurement of *Outcomes and Impacts*. At the sectoral and sub-sectoral levels, there is disagreement among the various actors and partners as to what the outcomes should be and how they should be measured.
- The *Non-Transparency* of many donor activities (such as conducting of studies, preparation of papers, donor-sponsored missions, etc.) are done without adequate consultation among Donors or between the Donor Community and Government, or within Government itself.
- As cross-sectoral and thematic issues become more pronounced, there are *increasing pressures for more inclusive and participatory approaches* to development and development cooperation. There is increasing complexity in the relationships among national players (Government, civil society, private sector), in the relationships between national organizations and the International Donor Community, and in the relationships among Donor Agencies themselves.

In addition to the above issues, there are a number of pressing *Operational, Capacity-Related and Implementation Issues* that need to be addressed. These are:

- The *Institutional and Capacity Limitations* within the Government and national organizations remain severe, which result in many cases of donor teams taking responsibility for service delivery. Insufficient attention has been given to sustainable comprehensive and long term capacity development at the systems-wide level, at the institutional and organizational levels, and at the individual level. This existing "piece-meal approach" to projects and programmes is skewing our overall development priorities.
- Where there has been *Capacity Development*, it has often been done on a "piece-meal" basis, further diluting our Government's long term capability to develop and sustain an efficient and effective public administration and civil service. In many cases, Government has a relatively small role in the selection of personnel for most technical assistance projects.
- As qualified public sector personnel are drawn away to staff donor funded projects and programmes (usually with higher pay and incentives), capacity gaps in the public sector are increasingly being met by expensive foreign experts and advisors -- an expensive and unsustainable form of *Capacity Substitution* or replacement.
- An element of "*ad-hoc*" and "*quick-fix*" approaches to some complex development problems, where initiatives are launched without adequate strategic management, consultation or study.

These are sometimes driven by pressures on the part of donors to 'commit and disburse' funds, or to tie aid delivery to their own budgetary cycles.

- The existence of *Multiple and Duplicative Systems* and methodologies in such areas as reporting, audit and evaluation, project and programme management and related areas impose an extreme burden on our Government's management staff (as well as on Donor Agencies). There is a *proliferation of committees, working groups*, structures and coordination mechanisms, some of which duplicate one another, and all of which impose excessive demands on the time of Government and donor staff alike.
- The existence of such systems, combined with numerous donor sponsored project management and implementation units result in *Capacity Depletion* in many sectors of Government and society, and indeed introduce inequities and imbalances in public sector human resources management.
- For those systems that do exist, there is generally *poor exchange of information* in terms of quality and lack of timely, complete data on external assistance (this points as well to possible lack of discipline on part of some donors in reporting and providing information, despite relatively simplified systems for data and information resources management).

In addressing all of these issues, there are, at the present time, more questions than answers:

- *What sorts of partnership arrangements might be best for Cambodia's situation?*
- *Would these include internal partnerships comprising of the State, civil society and the private sector? Or would they primarily be of an external nature comprising national organizations and members of the International Donor Community?*
- *What would be the development purpose of such partnerships?*
- *Would there be one overall partnership structure and a number of other lower level structures to tackle sectoral and thematic issues?*
- *Who would be the partners and what would the roles be? How would the differing cultures, practices and operating policies be reconciled amongst the partners?*
- *What would the costs, the risks and anticipated benefits be for partnerships?*
- *What other implementation considerations would need to be considered?*

The notion of "partnerships" has been inserted into the debate as a possible direction to meeting, in part, the complex development cooperation challenges in Cambodia. Yet, outside of generalities, little has been discussed thus far as to what exactly such partnerships might mean for Cambodia.

2.0 VISION OF A NEW DEVELOPMENT PARTNERSHIP

It is clear that both Cambodia and its development partners are facing an increasingly complex and interdependent set of issues that can only be tackled by more cooperative, integrated and inclusive dialogue and focused approaches. The issue of partnerships was discussed at 3rd Quarterly Government – Donor Consultation Meeting in Phnom Penh on 5-6 April 2000. Most of the issues and questions we have raised so far are inter-related. A comprehensive capacity assessment of the existing aid management/coordination and development cooperation system would be needed in order to generate a full understanding of the existing problems, issues and challenges. It is only by fully understanding the problem - and reaching consensus on the problems - that effective, workable solutions can be devised.

In this section of the paper, the Royal Government presents an overall vision for a new development cooperation partnership for Cambodia. This vision is presented in the form of some ideas on the nature, structuring and implementation of partnerships that might support the achievement of national development outcomes through more collaborative arrangements, and thereby address some of the issues and questions highlighted in the preceding section. These ideas and views are those of the Royal Government, and are in part synthesized from various donor sources, international organizations and experiences from other countries. These ideas are neither meant to be complete nor fixed, but rather to serve as a reasonable starting point for more meaningful discussions, consultations, negotiation and the launching of efficient and agreed process leading to the launching of formal partnership arrangements.

At the outset, consideration and implementation of a meaningful development cooperation partnership concept for Cambodia implies a *major shift from the way things are currently done*, into one that allows for and addresses the capacity gaps, constraints and burdens. Partnerships cannot simply serve as a new word to rationalize "*business as usual*". The implementation of a new development partnership concept implies major long-term transformational change on the part of all the Partners - the Royal Government in combination with civil society and the private sector, and the International Donor Community – and especially changes in the way in which internal and external

relationships are to be managed. The Government accepts that there are different views as to what a development partnership might be and what models or approaches might work.

A successful transition to a new partnership concept must be based on a mutually understood and accepted definition of the concept, and a general understanding and acceptance of its implementation considerations. It is one thing to define a concept, and quite another to put it into practice. The following sub-sections attempt to bring together much of what has been discussed about partnerships, and more specifically the key practical considerations that would need to be made by the Royal Government of Cambodia and its development partners.

2.1 SOME STRATEGIC CONSIDERATIONS – A “PARADIGM SHIFT”

✦ **From “Donorship” to “National Ownership”.** Consistent with OECD/DAC principles for improving development partnerships, the Royal Government - in broad consultation with civil society and the private sector - will continue to strengthen its mandate to formulate policy, priorities and overall strategies for the implementation of our country’s agenda for development. As part of our ongoing Governance and Public Administration Reform Programme, we are strengthening our strategic management capacities in development policy, planning and coordination, and will continue to seek support from the International Donor Community to help strengthen these capacities, as well as to seek advice on development issues, as we have done in the past. In the final analysis, it is the people of Cambodia and its institutions of governance that are ultimately accountable for the achievement of national development outcomes. The development agenda must be, and perceived to be, nationally owned. Although it is generally acknowledged that the Donors endeavor to structure their own development strategies and approaches in such a manner as to reinforce our national ownership, *the challenge remains as to how this can be accomplished in practice.* The issue of national ownership is directly related to an adequately managed, compensated and motivated civil service, and insufficient attention has been given on this by both our Government and the Donors, until now.

✦ **From Control to Leadership.** The Royal Government understands and accepts that traditional central and state control of decision-making in development issues is no longer a viable approach to achieving our planned development outcomes. We fully realize and accept that decision-making authority will increasingly be shared - through partnerships and other participatory mechanisms - with other levels of Government, civil society and private sector organizations, commensurate with the development of an appropriate enabling environment and supporting capacities. While these other participants will increasingly be involved in service delivery and in the implementation of the development agenda, the Government asserts and will continue to strengthen its leadership role in these areas, including the area of development cooperation with external organizations.

✦ **From Coordination to Collaboration.** The envisaged concept of development partnerships which involves external donors, NGOs and foreign sources of private investment are seen by the Royal Government as *strategic management tools* that can reshape and improve existing coordination relationships, instruments, mechanisms and attitudes. On the other hand, the Royal Government sees the emerging use of *Internal Partnerships* between and among ministries and agencies, and between central and local levels of government (and in turn between the state sector and civil society and the private sector) as primarily a *key instrument of Governance*, but also as important management tools to implement reforms in service delivery, public sector management and the achievement of development outcomes. The use of both Internal and External Partnerships will feature explicit mechanisms for participation and collaboration, perhaps building on the existing set of aid coordination and management mechanisms and the various ongoing donor-sponsored discussions on “partnership” approaches. Collaboration implies a clear definition and separation of roles and responsibilities, removing the potential for overlap and duplication.

Internal (in-country) Partnerships: are those that are comprised of Government ministries and agencies (central and local), civil society organizations and the private sector to pursue a specific development objective or deliver a specific service.

External Partnerships: are primarily comprised of the Government (and national organizations) and selected organizations from the International Donor Community to implement a specific Government development objective (sectoral, sub-sectoral or thematic).

✦ **From Piece-Meal/Process to Programmed Development Outcomes.** The Royal Government agrees with the current thinking that multiple partnership arrangements are required to tackle complex priority development objectives across key sectors and sub-sectors. Given the increasing complexity of the development environment in terms of the numbers and types of ‘players’ involved,

the intense competition for scarce resources to meet development demands, and the, at times, conflicting views as to priority and approaches to be taken, the only feasible and practical strategy is to structure and bundle development activities (policy, planning, programming, implementation) around the envisaged development outcomes as set out by the Royal Government, and to apply strategic management approaches. These outcomes, agreed and measurable, are starting to be defined in more detail under our Priority Action Programmes (PAPs) in education, health, rural development, and agriculture, which are supported by the medium-term Public Expenditure Programme (PEP), our overall Public Investment Programme (PIP), all of which operate within the national Public Investment Management System (PIMS).

Various sub-sectors and thematic partnership arrangements may be set up to support primary outcome/sectoral development needs. Already, discussions are underway in a number of sectoral areas where certain approaches such as the Sector Wide Approach to Programming (SWAPs), the Programme Approach, among others, may lend themselves to a more formal partnership approach. Great care will be needed to set appropriate short, medium and longer term priorities for sectoral and sub-sectoral partnership-based development, taking into account the cross-sectoral inter-dependencies, integration and coordination needs, stakeholders, capacity considerations, resource availability, performance measurement and other factors.

✧ **From Dependency to Sustainability.** We in the Royal Government are under no illusion that we can completely achieve our national development agenda on our own - especially over the medium term. Indeed, our country will continue for some time to require financial support and technical assistance from bi-lateral countries/donors, multi-lateral and international financial institutions, international organizations, private sector investments, and other sources. The Royal Government will increasingly look to civil society and the private sector to achieve social and economic development goals, as well as to increase national sources of revenue. Through more collaborative partnerships with the International Donor Community, the Royal Government expects that a major goal will be the achievement of sustainability capacities – institutional, human and financial. Through external partnership arrangements, all partners must seek out more innovative and effective ways to transfer know-how and develop capacities that are nationally sustainable. Insufficient attention has been given to the use of technical assistance grants to develop the core technical and management development capacities that are needed by our Government managers and staff .

External or international partnerships are seen as limited, intermediary, time-bound but durable strategies to achieve defined and measurable outcomes.

In-country or national partnerships between the state, civil society and private sector are seen more as long term instruments of governance and management tools for sustainable development.

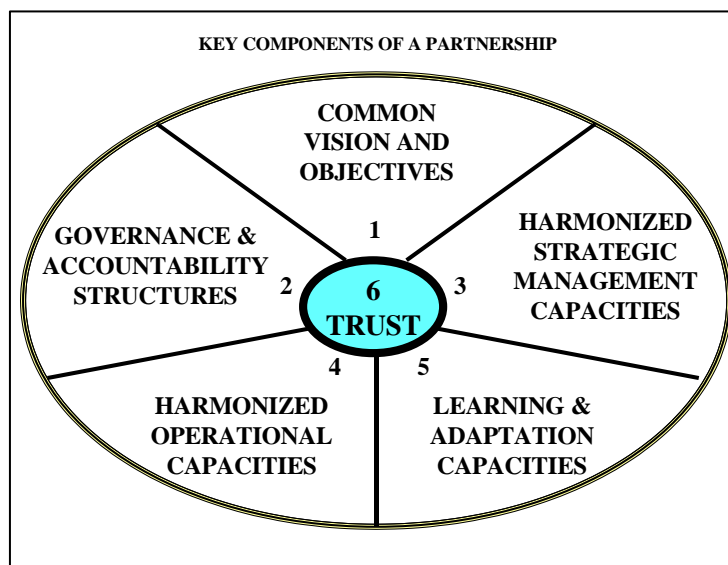
✧ **From Discussion to Action.** We in the Royal Government are aware of and have participated in the debate on partnerships as a means to a more cost-effective achievement of our planned development outcomes. However, we also recognize that there is much rhetoric involved in the debate and that concrete action is somewhat being impeded for various reasons. Partnerships must be seen, by all those who would be engaged in them, as neither a *panacea*, nor as a *platform for continued theoretical debate*. The Royal Government is convinced that there is enough practical international experience, donor interest, sufficient national interest (plus some positive experiences) and “assembly of ideas” to move conceptual discussions to more formal policy design and implementation (however gradual) of partnership mechanisms to achieve priority outcomes.

2.2 MAJOR CHARACTERISTICS OF PARTNERSHIPS FOR CAMBODIA

The Royal Government accepts that there will be different levels and types of partnerships to achieve varied development outcomes. However, every partnership is seen to embody a tighter collaborative arrangement among partners and is seen to imply specific implementation features and common operational characteristics. These characteristics are graphically portrayed in the diagram and are described briefly in the following pages.

✧ **Common Vision and Shared Objectives.** There is broad consensus in Cambodia on the overall development goal of poverty reduction. The Royal Government sees that this goal, will in the future, best be achieved through sectoral, thematic and special purpose partnerships. Firm consensus and agreement on the overall vision and development objectives remains as one of the more fundamental challenges facing the International Donor Community and the Royal Government of Cambodia. Presently at the sectoral level, there is some divergence of view among various interests (both internal and external) on the policy thrusts and implementation strategies (as articulated in various multilateral and bilateral programme and country strategies). While some debate is healthy in

arriving at the most appropriate sectoral or thematic development policy and implementation approach, there must be consensus and agreement on a single vision and set of objectives at the point of *implementation*. The structuring of sectoral partnerships (such as in health, education, rural development or public sector reform, among others) must be seen as the instrument whereby all affected stakeholders and interested partners develop and maintain agreement and focus on a common vision, objectives and outcomes. There is a well-defined common public development policy purpose, and this purpose supports the overall strategic development goal of Cambodia.



✱ **Agreed Governance and Accountability Structures.** Development benefits must be delivered in a fair, impartial and equitable manner. The success of development partnerships in Cambodia as elsewhere would be contingent on the structuring of practical, workable and agreed governance and accountability structures. Such structures may vary from partnership to partnership, depending on the specific development/sectoral objectives and mix of partners. For each specific partnership, there must be *clear and agreed expectations*. History has shown that the management of mutual expectations is one of the more daunting tasks at hand, especially during times of major change. Expectations would relate to objectives, results and outcomes, operating principles, values and ethics, performance measures, mutual resource commitments, financial control, management of human resources and so on.

Both international conventional experience and “best practices” in Cambodia point to the very real need for well-articulated *Roles and Responsibilities*, written in unambiguous agreements. Such agreements may be seen as “shared accountability” where the partners would be collectively accountable for the success and operation of the arrangement. Depending on the type of partnership, the arrangement would optimally include the delegation of authorities and the sharing and/or transfer of human, physical and financial resources. Various models such as the use of UN Trust Funds are available and would need to be carefully evaluated, selected and adapted to the partnership, ensuring that the individual legislative and regulatory requirements of each partner are met.

Special *Legislative and Regulatory Instruments* (or amendments to existing laws) may be needed to support the institution of formal partnerships as a means for service delivery and aid management/coordination (by sector or thematic area). For example, changes in financial administration may be needed to permit a delegated or decentralized regime of financial management and control at the partnership level. Laws and regulations governing the civil service may need to be introduced to allow for effective human resources management (with proper pay, incentive, deployment and promotion features).

The specific partnerships would also need to have well-defined *Decision Making Processes and Rules* (which would vary somewhat by type of partnership). The Royal Government fully accepts that each partnership must have a *Lead Partner*, which in some instances may be a ministry, agency, a local level of government, a national partner (a civil society or private sector organization), or an external donor agency. Each partnership would have a well defined management and organizational structure, featuring mechanisms for problem and dispute resolution, and for consultation and participation of all partners, as well as of stakeholders that may not be formal members of the partnership (e.g. through steering and working committees, consultative and advisory groups, etc.).

The Royal Government is of the view that *transparency* in decision making and operations is particularly critical to the effective and legitimate functioning of partnerships, especially in view of their more complex structure, mix of partners and associated interrelationships. There must be provision for both unhindered access to information, and the meeting of public information needs in Cambodia, including the “various publics” of the contributing donors.

* **Harmonized Strategic Management Capacities.** Strategic management capacities are required in each major sectoral/thematic area to ensure that the associated objectives are integrated and coordinated, and explicitly linked to our Socio-Economic Development Plan (SEDP), or to our forthcoming Poverty Reduction Strategy. As noted, these capacities need strengthening for many programmes and projects that are currently underway or being planned. While the Royal Government accepts that each sector and its associated partnership will have different levels of planning, and different partners may play different but complementary roles in such planning. The strategic planning for the partnership itself must be nationally lead (by the Royal Government, or in partnerships with civil society and the private sector). In past projects and programmes, insufficient attention was given to national capacity assessment, development and sustainability requirements. A strategic management approach implies a thorough assessment of current capacities for the specific sector, a clear definition of realizable objectives and outcomes, practical and incremental implementation strategies, and the sustaining of the outcomes and developed capacities. Furthermore, strategic management implies the measurement of results, outcomes and overall impacts. The Royal Government is aware that there exist numerous methodologies and approaches to strategic management, but one approach will need to be selected, adapted, and consistently applied across all sectors/partnerships - at least in terms of guidelines and principles. This applies as well to the selection and adaptation of operational policies, procedures and supporting systems.

* **Harmonized Operational Capacities.** As with any traditional project or service delivery organization, development partnerships must have adequate human, financial and information resources, and the capacities to manage these resources efficiently and effectively. This points to the direct and pressing need for the simplification, streamlining and *harmonization of operational policies, systems, standards and practices* in such areas as financial management, planning, reporting, procurement, audit and evaluation, staffing, information and communications systems, document management and related areas. Partnership structures could present a unique opportunity to adapt international “best practices” in terms of performance based systems. The present mix and duplication of systems across separate programmes and projects is imposing an undue management and capacity burden upon the Royal Government, national partners and external partners.

Two areas that need special attention, and where the greatest potential dissension may exist, are in *harmonizing financial management and capacity development practices*. Some models, such as the UNDP management of trust funds, could be used over the short-term to effectively handle cost-sharing arrangements among Donors and the Government, while other more permanent mechanisms might be set up within the partnership structure itself. Similar arrangements could also benefit from donor executed functions in support of procurement, recruitment of international personnel until, again, more permanent systems are developed and instituted. The recruitment, management and compensation of Government personnel to function within partnership structures may be more problematic but not impossible to overcome.

With respect to meaningful, *credible reporting and monitoring*, it is to be expected that the partners would need to report to one another as well as to their respective governing bodies, and also to the Cambodian development beneficiaries that the partnership is intended to serve. A major challenge in a meaningful ‘partnership’ is the simplification and harmonization of the reporting policies, formats, frequency, information content and supporting systems, and this to be done to a standard that is acceptable to all partners. Clearly, this will require serious negotiation and compromise. A related and potentially contentious area will be the need to adapt common *programme/project evaluation and audit* systems, especially where there exists, at present, an overwhelming array of differing evaluation, review and audit procedures and practices among donor partners.

* **Learning and Adaptation Capacities.** The Royal Government and its national and external partners recognize that development itself is very much a learning experience, where there must be experimentation, testing and innovation. This applies to any country, but especially to the post-conflict situation in Cambodia where there are profound capacity limitations, and where substantial resources and extended timelines will be needed to realize development outcomes. As a preferred programming and implementation model to achieve these outcomes, partnerships themselves will need to be implemented cautiously and with sufficient flexibility in the arrangements to ensure that they can adapt to the requirements at hand, that each can generate learning and innovation experiences, and these experiences can be adapted and replicated across sectors.

Cambodia is far behind most countries in the utilization of *information and communications technologies* (such as the Internet), which can be increasingly adapted to ensure a learning culture, and to achieve greater productivity and return on national and foreign investments. Knowledge that is currently being generated across numerous projects and programmes needs to be shared a lot more. Development policy makers and implementation managers need to have access to this information and knowledge. Budget mechanisms and operating policies in the context of partnerships can go a long way to support learning through the setting up of enabling technology infrastructures. Indeed, these same infrastructures need to be adapted to the needs of supporting harmonized operational practices and procedures, and strategic management capacities. The Royal Government is increasingly concerned that insufficient know-how and capacity is being transferred to national organizations. The partnership structures should embody policies and strategies that better encourage and reward the transfer of know-how and the building of human resources and other institutional capacities within both the Government and its national partners.

✦ ***Building and Maintaining Trust.*** It is the *Trust* between and among all the partners that is the cement that keeps all the components of the partnership together, working toward its common purpose. The Royal Government accepts that the different partners have and will continue to have their own institutional agendas, as will our own Government. But it must also be mutually accepted that there is agreement on a common agenda, and that a spirit of trust must be present in order to enter into meaningful negotiations at the outset, and to sustain a meaningful implementation and smooth ongoing functioning of the partnership mechanics. This means that the traditional public sector way of thinking must give way to power sharing, interdependence and joint management.

Good faith needs to be present throughout all phases of the partnership life cycle - *each partner must value the reliability and worth of the arrangement.* Having trust means having confidence in one another, that each partner will do what they say they will do, and mean what they say. Agreed mechanisms to support accountability, transparency of decision making, information and reporting, audit and evaluation and so on are essential to sustain trust.

Both the Royal Government and its external development partners must come to accept the differing cultural values and ethics. As an Asian country, these cultural values and ethics differ, in some areas, from those embodied within external donors. Each partner will have a duty to preserve and protect its own interests. However, in the collaborative arrangement of an envisaged partnership, there must be certain agreed *codes of conduct* and *specific partnership rules of engagement* where mutual decisions can be made openly, with clear mechanisms for problem identification and dispute resolution. Having such rules and codes of conduct in place will help achieve a degree of cultural integration and sustain mutual trust.

3.0 IMPLEMENTATION CONSIDERATIONS FOR CAMBODIA

Various national, international and development forces appear to be pushing national governments and those with whom they interact into more collaborative arrangements. The Royal Government as well as other partners are under no illusion that the move towards collaborative partnership will be an easy undertaking. Indeed, as implied in any major change, there is expected to be a certain amount of risk, resistance and tension underlying the entire notion. Despite considerable literature on the subject, there remains extremely limited experience, and the 'development partnership' concept would require a leap into the unknown, and a willingness on the part of all concerned to experiment with these new tools. There appears to be some momentum in creating a clear *road map toward more collaborative partnerships* in Cambodia, whether these become adaptations of the SWAP or other types of approaches. We in the Royal Government are fully aware that the views of external development partnerships varies even within the International Donor Community itself. Careful attention must be given to implementation considerations of both national and external development partnerships as an instrument to achieve better and more cost-effective coordination and cooperation. This section highlights some of the key implementation considerations that, in the view of the Royal Government, would need to be made with all our development partners.

✦ ***Development Partnerships Are Not a "Panacea".*** There are no simple answers to the many development cooperation challenges and issues that currently face Cambodia and its external partners. We do not view development partnerships to be a replacement of more traditional "project" or other approaches and forms of technical assistance. Rather, the Royal Government sees development partnerships as a governing instrument whereby sectoral and thematic outcomes can be achieved through the coordinated and more formally integrated activities of multiple projects, sub-programmes and supporting activities through managed relationships.

* **Selecting the Right Partnership Model or Approach.** It is too early to say which model or approach for development partnerships would best serve the interests of Cambodia. First, there must be a distinction between national partnerships (such as between the State, civil society and private sector) and those partnerships that involve donor countries, international agencies, private sector investors and NGOs. The World Bank has proposed the use of SWAPs, which would be adapted to the particular needs of a sector or development area. Whether or not such an approach (or others to be identified) would be the most optimal is a question that still needs to be carefully explored.

* **Identifying and Differentiating Partner Roles.** The precise composition of the partners will depend on the purpose of the partnership. In development partnerships involving external donors and NGOs, the lead partner should, in all instances, be a national organization (this could be a central or local level of government, possibly a national NGO or private sector organization). Some sub-sectoral partnerships may have a more narrow focus involving a limited number of partners, while others will be quite broad including potentially dozens of partners. The role of the external partner (donor community) would also vary, depending on comparative advantages and strengths of the partners and the requirements of the partnership. External partners could fulfill roles such as that of catalyst, facilitator, technical and resource advisor, or other roles.

* **Starting Gradually, Getting Priorities Right and Using Pilots.**

It has been suggested that the move towards development partnerships should be done on an incremental basis, beginning with a set of high priority pilots, while concurrently building an overall enabling framework for such partnerships. Pilot development partnerships could build on quasi-partnership arrangements that have already shown promise in Cambodia, as well as on other approaches that are being considered at the present time. Pilots also support the notion of building on a current base, fostering experimentation and learning. Priority sectoral/thematic areas, which could be pursued on a pilot basis, are listed in the box shown on the right. A number of priority pilot areas can be identified, and are indeed suggested in various donor country strategies. We in the Royal Government will need to establish the priority and sequencing for pilots, linking these to national development goals and priorities. The selection of pilots may also require a methodology or process whereby key stakeholders and potential partners can participate and be consulted, where the resource and capacity considerations can be factored, and where other anticipated costs and benefits can be clearly established. Pilot initiatives would need to be managed strategically to ensure that lessons learned and innovations can be captured and diffused, and that national capacities can be developed and sustained.

Some Possible Pilots identified by Government

- Forging a collaborative partnership around the formulation and implementation of the Poverty Reduction Strategy (PRSP).
- Governance and Public Administration Reform or sub-components (e.g. civil service reform, judicial reform, reform of service delivery, plus others)
- Demobilization and Re-integration
- SEILA (decentralization) program currently being re-formulated
- National AIDS Program
- Health
- Education
- Infrastructure (e.g. rural roads)
- Strategic Development Cooperation (Aid Coordination and Management)
- Private Sector Development

* **Developing National (in-country) Coordination Capacities.** If development partnerships prove to be the most cost-effective approach, then we in the Royal Government definitely need to strengthen our own national capacities for development planning, policy coordination and aid management, in order to support the evolution towards collaborative development partnerships. Other legislative, regulatory and decision making structures (central and local) may also need to be rationalized and strengthened in order to ensure that collaborative development partnerships work in the interests of Cambodia and serve other interests such as transparency and the cost-effective utilization of limited government resources.

* **Strengthening External Donor Capacities for Aid Management & Coordination.** Existing mechanisms of external donor coordination at the country level will likely need to be strengthened and/or revised. In this respect, the existing Consultative Group mechanism may need to be examined to see if, indeed in an emerging more collaborative partnership environment, it supports our Government's policy thrusts for national ownership, leadership and overall coordination. Possibly internal donor policies, practices and procedures may also need to be closely examined to ensure that they are supportive of the sectoral and thematic development partnership approach.

* **Linkages to Governance and Public Administration Reform.** Reforms in governance and public administration may serve as a major part of the solution to a number of existing aid management/coordination problems and issues. For example, performance and existing capacity constraints within the civil service could be addressed by both civil service reforms and reforms in

service delivery, by which integrated and long-term strategies could lead to greater productivity and capacity strengthening in the civil service. This will require *enlightened management* on the part of both the Royal Government and its External Partners on how very limited public sector human resources can best be managed in the short-term, and realistically developed over the longer term.

✦ **Managing National and Collective Expectations.** The Royal Government clearly understands that a move toward such a development cooperation partnership approach as envisaged in this paper will take considerable resources, commitment and time. The planning, negotiating and setting-up of even a smaller, more focused partnership may take a number of years. At the present juncture in Cambodia's development, there seems to be a collective will to seriously consider this approach, and to structure more collaborative arrangements that integrate the many interests of multiple partners. It now remains to capture this will and "assembly of ideas" and to move to the next step of more serious discussion, fully cognizant of the risks and success factors.

4.0 BENEFITS AND RISKS

4.1 PLANNING STRATEGICALLY FOR BENEFITS.

The Royal Government is of the view that a move towards more collaborative development partnerships holds considerable promise and that benefits will be significant. A more cost-effective management and coordination of external development assistance will enhance overall development prospects for our country. Some of the *major benefits* that may be realized over the medium-to-longer term are listed below (and these would be tested through pilot approaches).

- The exercise of demonstrable *leadership* on the part of the Royal Government in the areas of development and coordination of external assistance, and meaningful *ownership* on the part of Cambodia of development and reform initiatives.
- Greater *harmonization* and synchronization between the Royal Government and our External Partners in the areas of policy planning and implementation of development assistance (beginning at the sectoral and thematic levels, and integrated into the strategic development policy level). Pressing development policy issues can be addressed in a more formalized, inclusive, *participatory*, focused and concerted manner (e.g. forestry concessions, land management, etc.).
- Greater *transparency* in decision making processes and greater access to information. Greater *participation* on the part of national organizations (Government, civil society and the private sector), and increased potential for the development of these sectors of Cambodian society.
- Greater *accountability* for decisions and expenditures of funds, through stronger, harmonized governance and accountability structures. More efficient management of *public expenditures*, where both internal and external sources of funds can be applied to priority sectoral and thematic areas, and where expenditures can be linked back to the public policy agenda.
- A *reduction in the overhead costs* of all partners in terms of meetings, missions and so on, that drain management capacities, as well as cost savings and cost management advantages derived from the gradual introduction and use of common management systems.
- Greater coordination in the *mobilization of external resources* plus potential for greater external resources (Foreign Direct Investments and other resources targeted for development). More cost-effective aid management/coordination by *reducing duplication* in operational systems, methods of reporting, audit and so on.
- Greater likelihood of coordinating and integrating *cross-sectoral development* and reform issues (e.g. financial, administrative, civil service reforms with those associated with a particular development sector).
- Better agreed *measuring of performance*, results and outcomes, and greater assurance that development investments produce tangible and measurable benefits to the people (e.g. services are being delivered, people participation, etc.).
- More efficient *management and utilization of human resources*, and greater potential for building *sustainable capacities* within the government and other national players in development (e.g. NGOs, private sector).
- Greater chance that inadequate or inappropriate policies, projects and programmes can be weeded out through the three-fold process of monitoring, assessment and adjustment.
- The building of a sounder basis of *trust* and *good-will* between all partners involved in both development and donor coordination.

4.2 UNDERSTANDING AND MANAGING THE RISKS.

The Royal Government is cognizant of the fact that there are both obstacles in moving toward a more formalized partnership approach, as well as risks in terms of implementation. Obstacles and risks will need to be analyzed on a case-by-case basis, but it is important for all parties to understand at the outset, the downside of development partnerships, so that effective measures can be implemented to mitigate risks. The following are seen as the major risks that would need to be managed, based on past experiences in Cambodia, as well as drawn from international experience.

Strategic Management Risks

- *Absence of a National Champion.* Champions for partnerships must exist at the national political and bureaucratic levels (as well as within the International Donor Community). Without this drive from the national side, it is unlikely that any partnership can be launched with clear national ownership and leadership.
- *Lack of Sufficient Trust and Good-Will.* Despite what may be said, the reality is that there may not be a sufficient level of trust and goodwill on the part of all prospective partners to actually commit. Some partnerships may need to be limited, or left open, to allow for entry as barriers to trust and confidence are broken down. An associated risk is that all parties may agree on the concept for more collaborative arrangements, yet continue to implement in the same, un-coordinated or duplicative manner.
- *National Capacity Constraints.* The Royal Government and national partners (e.g. civil society and private sector organizations) have severe capacity limitations on entry into partnerships (e.g. personnel, financial and other resources, systems and procedures). Partnerships will need to incorporate strategies and substantial resources whereby sustainable national capacities can be developed. This will require detailed capacity assessments and action plans as part of the partnership implementation plan.
- *Legacies of the Past.* Management and administrative legacies based on centralized and personalized decision making (within the Government as well as within some donor organizations) could impede the more delegated and participatory methods that are necessary in a partnership.
- *Complexity of Relationships.* The numbers and nature of partners introduces serious complexities in terms of understanding and managing relationships, where there exist different views, priorities, legislative/organizational mandates, agendas and personalities. It is in the nature of the partnership itself that consensus and agreement can be reached on these differences to arrive at a common agenda.
- *Lack of Agreement on the Concept.* If the key partners cannot agree on an operational concept for a development partnership, then it is unlikely that any such initiative can be launched. Lack of agreement may also exist among prospective partners in choosing the right projects and pilots. Lack of agreement may result in poor design, which may generate poor results and outcomes.
- *Lack of Meaningful Performance Measures.* If the performance of each partner cannot be realistically measured then the worth of the partnerships and its ability to produce results and outcomes will be seriously compromised. There must be some provision for the independent monitoring and evaluation of commitments, actions and results.
- *Unrealistic Expectations.* The converse of too much “cynicism” is too much enthusiasm where ambitious objectives may be set (in terms of how much can be done within a defined time-table). Unrealistic expectations can undermine confidence and credibility. Partnerships can take a long time to set up and produce results. The scope of initial pilots should also not be overly broad, but be realistically targeted to achieve service delivery outcomes.

Some Operational Risks

- *Unclear Written Agreements.* Despite agreement in principle on all key aspects of a partnership, written agreements may be too general and too broad (in the interests of flexibility), and may not have any meaningful enforcement capacity. Essential terms, standards and formats will need to be developed and accepted at the early stages.
- *Inflexibility in the Internal Structure.* Notwithstanding the above risk factor, it is understood that a partnership is to a certain extent a learning experience, where adaptations need to be made based on “learning from mistakes” (and successes) and experience. Too much inflexibility in terms of structure and operational formats can jeopardize the success of the partnership and achievement of sectoral/thematic development outcomes as changes in the external and internal environments occur.

- *Conflicting Operational Policies and Systems.* Each partner may bring to the partnership their own firm views as to what acceptable policies and standards are, with respect to accountability structures, reporting and audit systems, dispute resolution, financial and human resources management and the like.
- *Cultural and Personality Conflicts.* Different organizational and national cultures may result in conflict over what constitutes accountability, transparency or even measurement of outcome. Personalities (executive, management, and technical staff) can also pose serious risk to the launching and effective implementation of a partnership. Attitude, judgment, and adaptability will be as important (and often more important) as managerial and technical skills.
- *Lack of Incentive Systems.* There must be sufficient incentive for each partner to enter into a formal collaborative arrangement, and incentives for management and staff to perform in such a structure. Without adequate incentives (performance, pay, reward), then key human resources and partners may not perform up to expectation.
- *Poor Internal and External Communications.* Informal and formal systems of communication must be encouraged, given the very dynamic and changing environments implicit in development partnerships.
- *Bureaucratization and institutionalizing of Dependency.* There is a risk that partnerships, once set up, could become excessively bureaucratized: that is, embracing inefficient, centralized decision-making and process-oriented practices typical of traditional government bureaucratic structures. More importantly, the partnership model may tend to institutionalize donor dependency where donors are tied to indefinite timelines and continuing demands for technical assistance.

5.0 NEXT STEPS

The preceding sections present a general outline of how development partnerships might be understood and created for Cambodia, beginning with an overall concept. The design and implementation of such partnerships will be a difficult and complex undertaking, involving extensive consultations. The process by which partnerships are to be designed and implemented will need to take into account and possibly be based on existing internal and external consultation mechanisms. Three key short term objectives would be: (i) to secure a broader base of Government ownership and leadership in a development partnerships policy agenda for Cambodia; (ii) to pursue meaningful dialogue between the Government and the International Donor Community; and, (iii) to secure agreement on the partnership concept, overall implementation approach, and timetable for action.

Some Immediate Tasks (May – December, 2000)

Establish Partnerships Focal Point in Government. Identify and establish a policy and management focal point within Government, (perhaps a special unit set up within the CDC). This focal point would coordinate internal and external consultations, facilitate all processes moving the partnership concept forward by developing action plans and possibly carrying out supporting policy analysis (facilitated by the donor community), carry out capacity assessments and set up an appropriate enabling environment for a partnerships function, among other tasks. This focal point may require some short-term technical assistance to quickly build basic internal capacities and expertise in partnerships policy and planning within key ministries and national agencies.

Short Term Action Plan
(1) Establish a Partnerships Focal Point in Government
(2) Secure Broad-Based Government Buy-In
(3) Secure Broad-Based Donor Buy-In
(4) Arrive at General Agreement
(5) Initiate Pilot Implementation Program

Secure Broad-Based Government Buy-In. Present and discuss an amended version of the discussion paper with those ministries and agencies that would have an initial important stake in the partnership concept. Input may be solicited from representative civil society and private sector organizations. This action needs to be supported by internal presentations and workshops to solicit feedback, and to discuss/resolve any concerns. The objective is to generate common understanding and a broad based buy-in to the concept, which may need to be amended, based on the results of internal consultations.

Secure Broad-Based Donor Buy-In. As part of this process, present and discuss this paper to the International Donor Community (initially at the 24-26 May 2000 Consultative Group Meeting), and later on in-country through joint workshops to solicit their initial feed-back and comments. The Donor Agencies themselves may want to debate these issues among themselves in more detail.

Arrive at General Agreement on the partnership concept. Convene a joint workshop whereby both the Government and interested External Partners from the International Donor Community would start to forge discussions on a general agreement on the (possibly modified) partnership concept and pilot implementation approach. A broad agreement to the principles, concepts and approaches may be secured in a general letter of intent, memorandum of understanding or some other commitment document.

Initiate Pilot Implementation Programme. Identify and set up one or more joint task forces that would be charged with the development of strategic plans and detailed action plans, and the implementation of those action plans, leading to the launching of one or more pilot partnerships. The membership of the joint task forces would be the prospective members of the envisaged partnerships. The pilot programme, as noted, would have agreed monitoring, reporting and evaluation procedures.

Some Other Key Considerations

The policy dialogue and debate should, insofar as it is possible, be linked to on-going negotiations and design for those major programmes in such areas of health, education and governance-public administration reform, decentralized development, etc. The momentum for these initiatives should be sustained, but to the maximum extent possible, emerging partnerships concepts should be woven into design. The view would be to use these programme areas as pilots for the partnerships approach.

One such area that the Royal Government considers crucial and presents immediate opportunities for concerted Government and Donor collaboration is the emerging Poverty Reduction Strategy Plan (PSRP) which, through a more structured partnership approach could be synchronized with formulation of the 2001-2004 Socio-Economic Development Plan, and to varied sectoral areas for implementation. Key internal and external partners would be identified, each applying their comparative advantages to collectively ensure that national development priorities are integrated in a participative manner.

As can be seen from the level of detail and the complexity of the tasks, the Royal Government will need considerable support and technical assistance in facilitating the launching of internal policy analysis, development and implementation for the partnerships concept, and to develop the *necessary sustainable capacities to enable the Government to lead and manage the partnerships process*. This support should logically build on or extend from the technical assistance currently provided in the area of aid coordination and management.

The International Donor Community itself will need to coordinate their own activities and policy considerations vis-à-vis the envisaged development partnerships approach. In particular, the *donor community needs to carefully assess the relative and comparative strengths and advantages* they may have in supporting the overall partnerships concept, in supporting specific pilot initiatives, and in other roles that may need to be played (e.g. advocacy, policy dialogue, conflict resolution etc.).

The International Donor Community will need to seriously examine their own methods of financing and technical assistance design and implementation, taking into account the major capacity assessment and development requirements of our Government and its national partners. Greater consideration should be given to *the use of technical assistance grants* in all areas where the partnership concept is implemented - at least over the next 3-7 years during which time the needed *sustainable capacities* could be developed.

All parties should recognize that the entire discussion/consultation/agreement process of pursuing the development partnerships concept is *dynamic*, is fraught with unknowns and will change as collective intelligence and circumstances change. Pursuing this concept means *accepting uncertainty*, taking risks but nonetheless developing consensus within Donors and with the Royal Government. By closely managing the process, all parties can closely manage risks and mutual expectations, and adjust strategies and plans as circumstances warrant.

With these proposed actions and implementation considerations, the Royal Government invites the International Donor Community, International Financial Institutions, international organizations and NGOs, and national stakeholders to help us engage in a meaningful dialogue that will propel Cambodia forward to a new paradigm for development cooperation and aid coordination, the end result of which is to achieve poverty alleviation, through poverty reduction schemes, and to ensure a more cohesive, consensus-based development for Cambodia and its people.