



Royal Government of Cambodia  
Nation - Religion - King

## ***Discussion Paper***

# ***Advances in Implementing a New Partnership Paradigm in Cambodia***

**Prepared for the 2001 Consultative Group Meeting for Cambodia,  
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**by the Council for the Development of Cambodia**

## FOREWORD

At the 25-26 May 2000 Consultative Group Meeting in Paris, the Royal Government presented its overall vision for a *New Development Cooperation Partnership Paradigm for Cambodia*, and this along with our proposed *Operational Framework for Development Cooperation Partnerships* was conceptually accepted and supported by all Donor Agencies present at that meeting. This vision remains the collective view of the Royal Government, in part synthesized from various donor sources, international organizations, experiences and implementation lessons learned from other developing countries, and serves as a reasonable starting point for more meaningful discussions, consultations, negotiation leading to the launching of formal partnership arrangements.

The next actions we proposed to take were to (i) Establish a Partnerships Focal Point within the Royal Government with the Council for the Development of Cambodia as the policy and management focal point, and (ii) to Secure Broad-Based Government Acceptance for National-Level Partnerships. These actions have been accomplished in 2000 culminating in the Royal Government Decision No. 21, approved on 25 April 2001, to formally establish the Inter-Ministerial Task Force and Committee to Strengthen Development Cooperation Partnerships. This Task Force will enable the implementation of our vision and policies for Partnership arrangements in each target sector. The Government's firm guiding policy is to enable the full participation of all Partners - Donors, NGOs, the private corporate sector and civil society in the integrated planning and programming of development in each sector, allow both programme and projects to continue either in separate or joint implementation, and to encourage joint monitoring, impact assessment and evaluation of results. This reinforces the lead taken by the Government as shown in our 2<sup>nd</sup> *Socio-Economic Development Plan, 2001-2005 (SEDP-II)* and *Poverty Reduction Strategy (PRS)*, which is our national development agenda for the next five years, and forms the basis of our development cooperation and partnership agreements with the International Donor Community, as well as with private sector investors for the sustainable development of Cambodia.

We firmly believe that implementation of *Credible Partnerships* 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*", but implies major long-term transformational change on the part of all the Partners - the Government in combination with civil society, the private corporate sector, and the International Donor Community – and especially changes in the way in which internal and external relationships are to be managed. Development partnerships make their greatest contribution when they adopt a focused and measured way of sharing experiences and capacities to meet challenges larger than one partner alone can manage. Like many developing countries, we in Cambodia are faced by dramatic changes at a pace and scale we never before faced. Our political and social structures are being transformed by increasing openness, transparency and responsibility, and our economic lives are being changed by an increasing reliance on open-market mechanisms and the impacts of the new economy on the future of our country. We fully appreciate the value of building up of our own partnerships with the International Community and with all other developing countries in order to speed up our own path up the learning curve.

In establishing mutually-beneficial *Partnerships*, the Royal 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 approach will ensure that no hindrances arise in the mobilization of ODA and in the implementation of development activities, which benefit Cambodia and its population.

The Royal Government is now providing the International Donor Community with this update on the progress that we have achieved in year 2000 in the building up of *Development Cooperation Partnerships* in selected sectors. Extensive work has been undertaken by various sectoral ministries and Government leaders, as supported by selected technical advisers which have provided the intellectual and process management support. We sincerely express our deepest gratitude and recognition for the efforts of these advisers, which have assisted Government leaders and staff in building up their own internal technical capacities, enhancing their confidence to analyze and develop policy options and decisions, and to take the lead in the process of ownership of the national development agenda in the forthcoming years. 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, 3 May, 2001

**KEAT CHHON, MP**

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## **I. THE BOLD INITIATIVE: GOVERNMENT OWNERSHIP OF THE NATIONAL DEVELOPMENT AGENDA**

The years 2000 and 2001 are crucial turning points for the Royal Government of Cambodia, as in this new century and at the start of this new millennium, we are successfully paving the way for development of our country for the benefit of the people of Cambodia. We are moving forward in achieving clear progress on the fronts of social development, economic growth and state reforms, notably in fiscal management, military demobilization and public administrative reform. Good governance – more specifically, implementing the principles of transparency, accountability, predictability and partnership with the Donor Community, the Private Corporate Sector, NGOs and Civil Society – forms the backbone of Cambodia's reforms. Assistance from all our external partners is the catalyst for the implementation of these bold moves, one of the most difficult ever undertaken by any Government in the world today, and we firmly believe that these can only be done in a true *Partnership for Development* for the benefit of the people of Cambodia.

Partnerships, as a modality for accelerating development, have been around for more than two decades, and is a much abused word in the recent history of Cambodia, as it means many different things to many different people or groups. *Credible Partnerships* - which are mutually beneficial - is what we in the Royal Government are moving towards to, rather than one-sided, non-equitable arrangements conveniently labeled as "partnerships" for political and economic advantage of others at the expense of the well-being of the people of Cambodia.

Cambodia has suffered from many such "ill-defined partnerships" as we naively put our trust in well-meaning individuals, groups, organizations, agencies, investors, countries, and even respected international institutions. Our disappointments have inevitably built-up our own mistrust as we were, then, not technically, intellectually, nor financially capable to question inequitable arrangements. The long road to regain our own self-respect and self confidence has been reached reflecting the heroic self-sacrifice accepted by the Cambodian people in order to protect our national territory, rebuild our country, upgrade our living conditions and lay the groundwork for a prosperous future. Cambodia is now reclaiming ownership of its own destiny, by becoming a real partner in regional and global affairs, and is on its way to becoming a nation free from want and poverty above all.

We believe that *Participatory Approaches* and "*Open Partnerships*" are pre-requisites to avoid duplication of scarce financial and human resources, to harmonize interventions, to develop an integrated developmental approach and to foster a sense of ownership among all national stakeholders involved. Since 1999, we increased the *Participation* of our External Partners - donor agencies, the private sector, NGOs and civil society - in the on-going development of Cambodia, through various Government-sponsored forums, the Government-Donor Policy Reforms Monitoring Meetings and the Government-Private Sector Meetings held every six months, the monthly Government-Donors-NGOs sectoral working group meetings, as well as through regular High-Level Consultations held on a bilateral basis. Our practices and actions clearly demonstrate that Cambodia is one of only a few sovereign countries that opens its doors for external partners to be involved in policy discussions, provide opinions and recommendations, and ensure monitoring of reform programs by checking performance against goals. This approach forges open dialogues through a permanent sectoral mechanism for consultations to address our common concerns. The results attained so far reflect the importance of consultation and participation of all partners in Cambodia's development, and we reiterate our willingness and commitment to further strengthen such "*Smart Partnerships*" and "*Public-Private Partnerships*" in promoting and improving the social development, business and investment environment in Cambodia. Such *Participation* is an important ingredient of the consensus building process at the national and local levels and with development partners on the issues related to all aspects of our work, and is an efficient vehicle for mobilizing all kinds of resources and mustering support from all quarters, whether inside or outside the country, to advocate social and economic development and to improve the living standards of all the Cambodian people.

We have confidence in this *Open Partnership* and we expect that all Cambodia's external partners would understand and be convinced of our sincerity and candor. In return, they should respond by enhancing effective cooperation to meet our real needs in ensuring fruitful implementation of our reform programs. We firmly believe that sincere cooperation and joint efforts, coupled with open and transparent coordination, and a real *Partnership for Development* will help put Cambodia back on its own feet and ensure that Cambodians become the master of their own destiny and development.

Our long-term vision for the holistic and sustainable development of our country was first conceived in 1994 with the *National Programme to Rehabilitate and Develop Cambodia (NPRD)*, which was further elaborated with our *1<sup>st</sup> Socio-Economic Development Plan, 1996-2000 (SEDP-I)*. Now, we have a *2<sup>nd</sup> Socio-Economic Development Plan, 2001-2005 (SEDP-II)* and a *Poverty Reduction Strategy (PRS)*, as our national development agenda for the next five years, and forms the basis of our development cooperation and partnership agreements with the International Donor Community, as well as with private sector investors for the sustainable development of Cambodia.

### **Adoption of the Operational Framework for Development Cooperation Partnerships**

At the May 2000 Consultative Group (CG) Meeting for Cambodia held in Paris, France, the Royal Government presented an overall vision for *A New Development Cooperation Partnership Paradigm for Cambodia*. This strategic vision was offered in the form of ideas on the nature, structuring and implementation of partnerships that might effectively support achievement our national development outcomes through more collaborative arrangements. This vision remains the collective view of the Royal Government, in part synthesized from various donor sources, international organizations, experiences and lessons learned from other developing countries. This vision serves as a reasonable starting point for more meaningful discussions, consultations, negotiation leading to the launching of formal partnership arrangements. Based on the successful outcome of the 24 May 2000 Informal Working Session on Partnerships at the 2000 CG Meeting, wherein the Government's *Operational Framework for Development Cooperation Partnerships* was conceptually

accepted and supported by all Donor Agencies present, our Prime Minister appointed the Council for the Development of Cambodia/Cambodian Rehabilitation and Development Board (CDC/CRDB) as the RGC Partnerships Focal Point. Since 1994, CDC/CRDB has been the RGC focal point for aid coordination and management and has performed this role effectively in organizing Government presentations for donor resource mobilization meetings such as ICORC and all the CG Meetings for Cambodia since 1996. A short-term Action Plan for starting up this Operational Framework was also proposed, as follows: (i) Establish a Partnerships Focal Point within Government; (ii) Secure Broad-Based Government Acceptance and Establishment of Procedures/Guidelines for National-Level Partnerships; (iii) Secure Broad-Based Donor Acceptance and Establishment of Procedures/Guidelines for Government-Donor Partnerships; (iv) Arrive at General Agreement on the Operational Framework; and (v) Start-Up Pilot Implementation Programmes. The timetable for this Action Plan was originally for June-December 2000; In reality, many actions require efforts from all stakeholders (Government as well as Donors and NGOs) well into the next 2-3 years.

Extensive work has been carried out since June 2000 culminating in the Royal Government Decision No. 21, effective on 25 April 2001, to formally establish the Inter-Ministerial Task Force and Committee to Strengthen Development Cooperation Partnerships. This Task Force will enable the implementation of our strategic vision and policies for Partnership arrangements in each target sector. Significantly important progress has been achieved for some sectors in which potential sector-wide management approaches became the starting point for pilot partnership arrangements between Donors and Government, such as in the National SEILA Programme, the Health sector, the Education Sector, and in Gender Equity and Mainstreaming. Other initiatives in building up *National-level Partnerships* between and among ministries, local administration, civil society and NGOs, have been started up within the formulation of our Poverty Reduction Strategy and SEDP-II, Priority Action Programs, and the Governance Action Plan (GAP). Finally, a potential Government-Donor-Private Sector Partnership is being envisioned with the upcoming Integrated Framework (trade and investments) with Cambodia's presentation of its Pro-Poor Trade Sector Strategy and Plan of Action at the Less Developed Countries (LDC) International Conference in May 2001.

### **Overview of the National Programme for Development Cooperation Partnerships**

At various Inter-Ministerial discussions and meetings held since July 2000, CDC Senior Management discussed the *Operational Framework* accepted at the 2000 CG Meeting and a *Draft Framework for National Partnerships*, in order to engage in information dissemination and consensus-building dialogue with all ministries, primarily for establishing National Partnerships. These formal meetings were successful as the Prime Minister's directive to appoint CDC/CRDB as the Partnerships Focal Point within Government was accepted. Furthermore, Ministries acknowledged that they did not have capacity to fully manage the process of establishing Partnership arrangements, and that they were in agreement that CDC/CRDB had the experience to provide such support leading to resource mobilization actions. More importantly, the general roles and responsibilities of central agencies and sectoral ministries have been agreed to, in principle, in these Inter-Ministerial Meetings.

*Institutional Framework.* As the *Partnerships Focal Point*, CDC/CRDB's main role is to provide technical support to ministries/agencies in effectively managing the process of establishing partnership arrangements and coordination for resource mobilization activities required, and is responsible for expanding the development management information networks within Government. These tasks require a lot of work and discussions. The *Lead Responsibility* for sectoral partnerships will still firmly be in the hands of each sectoral ministry/agency. The roles of central agencies such as the Ministry of Planning (MoP) and the Ministry of Economy and Finance (MEF) would be to act as functional service providers in their areas of specialization: development planning; preparation and monitoring of public investment plans and the SEDP; macroeconomic management; public finance and budget management. The role of the Ministry of Foreign Affairs and International Cooperation (MFAIC) is to facilitate diplomatic channels for ODA funds from bilateral donors. The role of the Council for State Reform in these Partnership arrangements is to lead manage the various policy reform efforts of the Government. The Royal Government would deputize the CDC/CRDB to be responsible for coordinating technical issues with sectoral ministries in order that resource mobilization/issue resolution efforts are conducted in the most effective and timely manner as possible.

*Coordination Mechanisms.* The Inter-Ministerial Task Force and Committee to Strengthen Development Cooperation Partnerships will involve central agencies mentioned above and those sectoral ministries which have advanced discussions on sectoral development partnerships, (such as Health, Education, Rural Development, Agriculture, Women's Affairs, and others). The intent is to ensure that the key officials (either Minister, Secretary/Under-Secretary of State or Director-level) in-charge of Partnership arrangements are seriously involved in policy decisions and operational actions for capacity development, integration/enhancement of information and monitoring systems, and for assessing progress and identifying issues during the transition to a fully functioning development partnership, covering dimensions such as procedural harmonization, ownership, and capacity indicators.

### **Strategic Management Framework**

Remarkable progress has been achieved in putting in place the basic elements for a well-coordinated development cooperation mechanism since 1994. Despite this, cooperation among the development partners in Cambodia is not living up to its full potential in terms of effectiveness and impact. The current framework is hampered by institutional processes that do not yet function smoothly because of incomplete information exchange, insufficient integration, and incompatible incentives. Government capacity to overcome these weaknesses is severely constrained by unsustainable working conditions in the civil service. As the National Programme for Development Cooperation Partnerships is further operationalized and implemented by the RGC through the CDC, the strategic focus is on *Continuous Improvements* in the management of institutional development processes, namely:

- Improving the quality of development management information available to both national and international partners. No major overhaul of the existing development management and coordination instruments is needed. The change management approach being considered is to integrate relevant strategic information for decision-making, rather than trying to physically integrate the various database systems located in separate institutions.
- Using the *SEDP-2* and *Poverty Reduction Strategy (PRS)* as the common frame of reference for development, and building the utility value of the national resource planning, programming and coordination system. Poverty indicators and monitoring mechanisms embodied in the PRS and SEDP-2, would be utilized to introduce a results-or-impact-oriented accountability framework into the development partnership, which, in turn, is likely to trigger more joint Government-Donor resource planning and programming actions. Participatory policy development, joint programme identification and evaluation exercises will enable a shared sense of ownership of development resources.
- In order to foster participatory planning and greater complementarity in development cooperation, a *Supportive Governance Framework* will be set up, which engages public accountability and civil society dynamics through a *Development Partnership Monitoring* mechanism for assessing progress and identifying issues such as: partnership principles, national ownership, procedural harmonization, capacity development actions and indicators. These will operate within the In-Country Aid Coordination mechanism and the Consultative Group Meeting processes.
- Capacity development will be the centerpiece of these innovations, which will focus on national execution of technical interventions. A *Development Management Facility*, initially funded by UNDP with cost sharing by Government and other donors, will be established to boost national capacity and competencies at local and central levels in the areas of aid management, information technology, information dissemination, policy dialogue, consensus-building and advocacy.

Making development partnerships work requires realigning performance incentives, unleashing productivity, creating positive momentum in forging dynamic alliances targeted to poverty reduction and capacity development goals of the Government, consensus building and participation of national stakeholders and civil society, creating commitment and the sense of ownership. This assumes that interim and long-term measures are being undertaken to boost the acceptable living wage and address the critical erosion of public sector morale and performance, primarily through the Public Administration Reform, Fiscal Management Reforms, and the Governance Action Plan (GAP).

#### ***Initiatives based on 1999 OECD/DAC Conference***

Based on the November 1999 Meeting of Development Cooperation Ministers and heads of agencies of the Development Assistance Committee of the OECD (OECD/DAC), various initiatives have been emphasized based on their statement of "*principles for effective aid in the 21st Century*". The DAC Informal Network on Institutional and Capacity Development (I/CD Network) developed a practical tool which assists donor agencies to make a "self-assessment" of their progress in implementing partnership and capacity development principles. The self-assessment is aimed at reform-minded agencies and staff concerned with integrating capacity development into their day-to-day operations and improving their performance in this field. The self-assessment makes a link between, on the one hand, agencies' internal policies and practices and, on the other, the impact of these in the field. These criteria are found in the paper "Some Key Issues in Implementing the Development Partnerships Strategy: Ownership and Donor Procedures," Forum of Development Partners, (OECD/DAC), Paris, January 19, 1998. As such, various donor agencies have effectively been engaging recipient developing countries in building partnership frameworks and arrangements, which emphasize "ownership and joint responsibility for development".

Cambodia is moving from a situation of "*donor-ship*" to "*local ownership*" and the key to this transformation is actual responsibility by the Government for resource management. The Royal Government intends to show political will to assume ownership of its own development agenda and leadership of the process necessary to develop it. There needs to be an open and wide consultation process for establishing the national development agenda, mainly, in the poverty reduction and alleviation strategy. Once the common vision and objectives have been established, Donors need to adjust their own strategies and activities to the directions provided by Government. Capacity building must be an integrated approach that also involves civil society and the private sector. This is an area where true partnership could lead to major efficiency gains.

In establishing mutually-beneficial partnerships, the Royal Government intends to clearly utilize 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 to by all donor agencies and countries at the late 1999 OECD/DAC Conference in Paris. These guidelines and basic criteria will help the Government and its development partners in determining capabilities of lead agencies, facilitators and proponents, and in being able to provide a check and balance between donors which will participate in sectoral programme arrangements 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 implementation of development activities, which benefit Cambodia and its population.

#### ***Applicable Principles of Partnerships in Cambodia.***

Consideration and implementation of a meaningful development cooperation partnership structure for Cambodia implies a major shift from the way things are currently done, into one that allows for and addresses the well-known capacity gaps, constraints and burdens. Partnerships cannot simply serve as a new word to rationalize "business as usual". This implies major long-term transformational change in attitudes and practices on the part of all the Partners - the Government (at the executive, central and local levels) in combination with civil society in Cambodia forming National Partnerships, the domestic and foreign-based private sector investment community, and the International Donor

Community and NGOs – especially changes in the way in which internal and external relationships are to be managed. The Government accepts that there will always be different views as to what a development partnership might be and what models or approaches might work. The successful transition to a new partnership modality must be based on a mutually understood and accepted vision, set of defining principles, and a general understanding and acceptance of the implementation considerations. As elaborated in detail in our overall vision for a *New Development Cooperation Partnership Paradigm for Cambodia* presented at the 2000 CG Meeting in Paris, we reiterate what we firmly believe to be the Applicable Principles of Development Partnerships in Cambodia, namely:

**A Common Vision and Shared Objectives** - firmly rooted and based on our national and sectoral development objectives, with consensus reached on a mutually agreed set of policy directions, implementation strategies, results and expected outcomes.

**Agreed Governance and Accountability Structures** - well-articulated roles and responsibilities forming a “shared accountability” where each of the partners would be collectively accountable for the success and operation of the arrangement, operating within well-defined decision making processes and rules where transparency in decision making, operations and access to information is particularly critical.

**Harmonized Strategic Management and Operational Capacities** - the simplification, streamlining and harmonization of operational policies and capacity development practices such as financial management, planning, procurement, audit and evaluation, staffing, information and communications systems, with credible reporting and monitoring leading to common or joint programme/project evaluation and audit reviews.

**Learning and Adaptation Capacities** – Partnerships will be implemented cautiously and with sufficient flexibility in the arrangements to ensure that each can generate learning and innovation experiences, which can be adapted and replicated across sectors.

**Building and Maintaining Trust** - 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. 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.

Based on these principles, the Royal Government's firm guiding policy is to enable the full participation of all Partners - Donors, NGOs, the private corporate sector and civil society in the integrated planning and programming of development in each sector, allowing for both programme and projects to continue either in separate or joint implementation, and encouraging joint monitoring, impact assessment and evaluation of results, such that we learn the lessons together.

## **II. OVERVIEW of SECTORAL PARTNERSHIP ARRANGEMENTS and LESSONS LEARNED by NATIONAL and INTERNATIONAL PARTNERS**

Significant progress has been achieved for some sectors in which the structure of potential sector-wide management approaches have become the starting point for establishment of pilot partnership arrangements, such as in: (1) the National SEILA Programme; (2) the Education Sector; (3) the Health Sector; and (4) in Gender Equity and Mainstreaming.

Other initiatives for building up of National-level Partnerships between and among Government ministries, local administration, NGOs, and civil society have been started up within the formulation of the SEDP-II and the Poverty Reduction Strategy, Priority Action Programs, the Governance Action Plan (GAP), consultations on the Commune Elections Law, and the workings of the various Policy Reforms Sectoral Working Groups.

Considerable progress is also being achieved in the Royal Government's on-going partnership with the Private Corporate Sector, as demonstrated in the success of our semi-annual Meetings, the effectiveness of the seven sectoral working groups and the joint consultations on new tax legislation and revisions to the Investment Law. A potential Government-Donor-Private Sector Partnership is being envisioned with the upcoming Integrated Framework (Trade and Investments) with Cambodia's presentation of its *Pro-Poor Trade Sector Strategy* and Plan of Action at the Less Developed Countries (LDC) International Conference in May 2001.

On the other hand, there are policy reform/sector development areas where delays have been encountered, specifically in Demobilization, Mine Action and in some respects in Public Administrative Reform.

Each of these initiatives, despite varying levels of success, are to be commended and recognized as sincere efforts in moving forward on having a more integrated approach and yet simplified mechanisms for the delivery of essential services or achievement of planned development outcomes, which will provide benefits and enhance the well-being of our population. After nearly 2-3 years of focused activities and concerted efforts by all, the Royal Government wants to honestly and transparently report on the progress being achieved, and more importantly, the lessons being learned, which will shape the building of mutual trust and consensus in the process of *Continuous Improvements*.

We wish to recognize the contributions and inputs of selected sectoral ministry senior management and technical advisory teams, which provided relevant information on implementation progress as detailed in the following pages.

## **SEILA PARTNERSHIP FRAMEWORK: DECENTRALIZED GOVERNANCE**

**Background.** Since 1996 and in line with our objectives of strengthening good governance through deconcentration and decentralization of responsibilities and alleviating poverty in rural areas, the SEILA Programme is having a significant impact. Seila is a collective undertaking of seven national ministries most directly concerned with local/rural development and for the development of a decentralization policy. To provide strategic vision and management of the Program, the RGC set up the National Seila Task Force (STF), supported by a Secretariat based at the Council for the Development of Cambodia. The STF provides policy guidance and overall supervision of program implementation. A distinctive feature of Seila is that the program is implemented by the participating Ministries, in accordance with their respective mandates. Seila has made a major contribution to testing, learning about, and refining alternative approaches to decentralization, paving the way for the introduction of a national decentralization and deconcentration policy as a key component of the State Reform agenda.

Under the 1<sup>st</sup> phase of implementation, 1996-2000, Seila enabled the RGC to formulate and fully test de-concentrated and decentralized systems focused on the province and commune as the two sub-national levels for budgeting, planning, financing and implementation of local development. Expanding gradually through a thoroughly-designed programme of capacity building, by the end of 2000. Seila coverage included 318 communes in 12 provinces representing 23% of total rural communes and 50% of the provinces. Seila has provided a working model for an effective Government – Donor partnership by providing a framework for multi-donor financing through which more than US\$75 million worth of technical and programme support and investments in local services and infrastructure has been channeled since 1996 by eleven multilateral and bilateral donors, Government, NGOs and people from over 2,000 villages.

A 2<sup>nd</sup> phase of Seila, 2001-2005, was formulated by the STF and approved by the Council of Ministers on 5 January 2001. Over the next five years Seila will provide technical and financial resources and delivery outputs in support of three purposes: (i) definition and institutionalization of decentralized planning, financing, planning and management systems for service delivery and local development ( in close association with the National Committee for Support to Communes/Sangkats); (ii) providing discretionary budget support to province and commune authorities for investment in services and infrastructure; and, (iii) providing practically tested lessons for national level policy and regulations for decentralization, de-concentration and poverty alleviation. By 2005, Seila coverage is planned to expand to 17 provinces and 1,216 rural communes representing 84% of all rural communes in the country. The total budget for the 2001-2005 programme is \$95 million with \$71.5 million (75%) representing direct investments in a wide range of development activities and \$23.6 million (25%) representing programme support, systems and policy development and technical assistance. Through an annual planning and programming process from commune to national level, all resources mobilized under Seila are systematically transferred to national and sub-national agencies for implementation.

Seila was designed by the RGC to coordinate external assistance and national efforts in the implementation of reforms supporting the decentralization and deconcentration of planning, financing and management of local/rural development. Seila is therefore, first and foremost, an instrument of aid-coordination and management whose aim is to provide a unified conceptual orientation and funding framework to a range of sub-programs and activities that either pilot or implement the national decentralization and de-concentration policies and the related national legislative and regulatory framework, developed by the National Committee to Support the Communes (NCSC) and the Council of Administrative Reform (CAR). Characterizing the Seila Program as an implementation mechanism for the decentralization and de-concentration reforms, clarifies that, while mechanisms must be found to feed lessons learned in the implementation of the program to policy makers, the development of the policy, legislative and regulatory framework is not a function of the Seila Program, but that of NCSC and CAR . The Seila Program can also be thought of as the Cambodian response to a well-known problem experienced by many countries in the world in the process of decentralizing. Worldwide experience shows that, once the basic legislative and regulatory framework of decentralization and deconcentration reforms are in place, it is often difficult to overcome the centralizing resistance of much of the national administration (especially the “line” or “spending” ministries) and fully associate it to the implementation of reforms. Funding line agencies through the Seila framework is then expected to facilitate such association and steer national programs towards the adoption of deconcentrated and decentralized planning and implementation modalities, whenever appropriate. Donors wishing to support the field-level piloting and implementation of decentralization and de-concentration reforms, as they relate to regional/local development planning, financing and management at both provincial and commune levels, are encouraged by the RGC to channel their assistance through the Seila Program, supporting the aid coordination and partnership-building efforts in this cross-sectoral, thematic field.

Seila is designed and operates as an “open” program. Its scope is bound to evolve, in response to donors’ interest for additional sub-programs, and communities’ and private sector interest to co-finance and implement activities. Also the design of some of its components is bound to change with the evolving policy and legal framework of decentralization and deconcentration reforms. As its aim is to provide a conceptual orientation and a unified funding framework, the program can accommodate a wide range of sector or area-specific sub-programs, responding to donors’ preferences and comparative advantages. Clearly all these sub-programs must uphold the Seila “concept”. That is, they must support the deconcentration and decentralization of development responsibilities and resources to provincial administrations and commune councils. They may do it by: Promoting different decentralized financing mechanisms (own-source revenue or transfers, earmarked or general-purpose funds, fiscal, budgetary or contractual arrangements) and, Supporting a range of reforms-related, different areas of capacity at national, provincial and commune levels.

Finally, in enhancing the participation, dialogue and coordination features, a “Seila Forum” is being created as a key instrument of governance of the Seila Program, and to promote an effective RGC-Donors partnership. The Forum will function as a formal mechanism for systematic consultation among partners, for the purpose of:

- Developing a common shared vision of the Seila Program
- Establishing mutual commitments (financial and otherwise) among partners.
- Regularly monitoring the program's financing requirements and financing strategy
- Reaching an operational consensus on Seila Program design/re-design and management issues
- Developing a common program evaluation framework
- Adopting a unified strategic performance-reporting format.

Representatives of all Donors supporting the Seila Program, and members of the National Seila Task Force, would be members of the Forum. The STF-Secretariat will act as secretariat of the Forum and provide analytical support and professional reporting and facilitation services to the Forum. The Forum will adopt some basic rules of conduct for its members and meet regularly (at least on a quarterly basis) and whenever deemed necessary by the majority of participants. Donors considering joining the Seila funding framework will be invited to attend Forum meetings as appropriate. To enable the STF-Secretariat to effectively facilitate the Forum's work, its capacity for policy analysis and strategic program evaluation will be strengthened through the creation of a Program Monitoring and Evaluation Unit (PMEU) and the provision of related technical assistance.

### Key Lessons Learned – Design and Implementation of Seila Partnerships

**Joint Annual Planning and Programming.** On an annual basis, investment planning and programming is carried out at national, provincial and commune level. Commune Development Plans, identifying locally defined priorities, are presented annually at District Integration Workshops (72 Districts in 12 provinces during 2000/2001) which are attended by District Departments, IOs and NGOs. Considerable resources and services from provincial government departments and NGOs to the local level are thereby negotiated, aligned/coordinated and programmed. At province level, planning and programming mirrors the national PIP with 5 year Provincial Development Plans and three-year, rolling Provincial Public Investment Programmes. Investments under provincial management are programmed in light of known resources allocated from national budget and national sector programmes financed by loans and grants. At the national level, investment management ensures equity of allocations across provinces, alignment and coordination of national sector programmes with untied allocations to provinces and overall monitoring and reporting across the programme. In 2001, nearly \$20 million in resources were programmed to 12 Seila provinces using the above mechanisms, which builds confidence, capacity for self-determination, experience and trust in the integrity of this development mechanism.

KEY LESSONS LEARNED
✓ Joint annual planning and programming.
✓ Create effective forums for dialogue
✓ Use inter-governmental fiscal transfer system, and deconcentrated/decentralized financial accounting system.
✓ Maximize use of core technical assistance with a governance perspective
✓ Develop flexible types of partnerships

**Forums for Dialogue.** Establishment of forums for both horizontal and vertical dialogue mainstreamed through Seila. On the Horizontal level: Commune Development Committees (or CdCs) enable all villages to be represented in local planning and decision making. Provincial Development Committees (PRDCs) enable all departments of sectoral ministries to participate in provincial development planning and information sharing. Provincial Local Development Forums and other ad hoc sector coordination forums bring agencies and departments together to discuss cross cutting issues. The STF enables inter-Ministerial dialogue and consensus on both programme policies, systems and resource allocation process. On the Vertical Level: Regular workshops and meetings between Commune and District, District and Province and Province and National level ensures dialogue, clarity, agreement and respect for roles and responsibilities, strategies, procedures and systems management.

**Inter-Governmental Fiscal Transfer System and De-concentrated/Decentralized Financial Accounting System.** The design and operationalization of an inter-governmental fiscal transfer system as well as a financial accounting system based on internationally accepted commercial standards has enabled both external and domestic budgetary resources to be transferred from national to province and from province to commune levels in a transparent and accountable manner. This has further enabled investment resources to be disbursed in a more timely manner to implementing agencies, both private sector and Government departments. The systems are annually audited by Price Waterhouse Coopers and monitored by both the Ministry of Economy and Finance and external technical assistance. In addition to multilateral and bilateral grants, since 1999, the Royal Government has utilized these systems for National Budget allocations in support to Seila, and the World Bank and IFAD have adopted these systems for management of loan funds in support to Seila.

**Core Technical Assistance with a Governance Perspective.** Technical assistance to Seila has been programmed in line with governance objectives and directed towards strengthening institutional capacities primarily at province level with an emphasis on accountability and transparency. In supporting the management role of the Governor, the systems management role of the Departments of Finance and Planning and the technical roles of the line departments' capacities have been developed and are being applied to all resources managed by the province from a wide variety of sources. Increased confidence in the capacity of the province to manage these systems in an accountable manner is a precondition for building partnerships that seek to adopt common systems for planning, budgeting, programming, financing, implementing and reporting on development at the local level.

**Flexible Types of Partnerships.** There are various types of partnership arrangements that have been developed under Seila, both formal and informal. *Informal Partnerships:* Through the joint planning and programming exercises described above, considerable resources and activities of provincial departments and over 70 NGOs and IOs are being jointly programmed towards priorities identified locally by the Commune Development Committees (or CDCs) and villages. Most

of the agreements emerging from these exercises are managed directly by the agency concerned with the Commune Development Committee and thus represent partnerships that increase collaboration and coordination of development efforts.

*Parallel Partnerships:* Through MoUs which have been signed with WHO and UNICEF for Health and AusAid for Agriculture, technical assistance is being provided to support provincial departments to prepare annual development programmes, which are financed in part or in full through Seila. In this manner, Seila fully respects the mandates of technical support agencies and benefits from their expertise through parallel collaboration. Conversely, Seila investment resources enable development efforts supported by these technical agencies and line Ministries to be significantly extended to larger areas and higher numbers of beneficiaries. An MoU with the Social Fund (SKFC) has also enabled resources for rural infrastructure in Seila provinces to benefit from improved targeting and increased capacity building and ownership. In agreement with UNICEF the intensive village level work under the *Set Khoma Programme* has been directly linked with the local governance work of Seila in a very effective manner.

*Direct Partnerships* are defined by those donors and agencies which fully adopt the Seila deconcentrated and decentralized systems and contribute programme resources either for unspecified grants to province and commune or to National Sector Programmes, which are planned and implemented by the provinces. In all cases financial agreements or MoUs are signed, which clearly specify the management roles at national, provincial and commune level. At present, direct partners include the World Bank, IFAD, the Governments of Sweden, United Kingdom, Netherlands and Australia, UNDP, UNCDF, WFP and UNFPA. Finally, the overarching partnership is the National-Level Partnership between the central and sectoral ministries within the National Seila Task Force (STF).

In Summary, the Key Lessons Learned therefore are:

- Design and support to common systems and procedures for planning, programming, financing, implementing and reporting, which effectively support and demonstrate results and measurable outcomes;
- Establishment of common forums at all administrative levels for dialogue and participation (local, provincial and national) both vertically and horizontally, reinforces confidence, capacity for self-determination, experience and trust in the integrity of this development mechanism;
- Provision of Technical Assistance from an overall governance perspective provides benefits for change management further reinforcing project objectives; and,
- Programme contributions that enable the Government to balance investments across provinces, communes and sectors provides development options and reinforces governance actions tied in to development imperatives.

### **EDUCATION SECTOR DEVELOPMENT PARTNERSHIP - Ministry of Education, Youth and Sports (MoEYS)**

**Background.** The Royal Government, through the MoEYS, has committed to evolving and implementing a policy-driven education reform programme aimed at implementing key structural reforms for equitable access, quality improvements, effective management and financing of education services at all levels. These education reforms are broadly consistent with the broader National Programme for Administrative Reform, public finance reforms, and decentralization and deconcentration policies. Priority strategies are incorporated into the initial Priority Action Programme (PAP) framework for 2000-2001. The key milestones in the partnership development process which started at MoEYS in late 1999 have been: (1) the MoEYS/Donor/NGO *Statement of Intent*, March 2000; (2) formulation of an initial policy, strategy and financing paper *Equity, Quality and Efficiency in Education Financing*, June 2000; (3) the *Education Strategic Analysis*, December 2000; (4) the *Education Strategic Plan (ESP) 2001-2005* in February 2001; (5) *New Principles for Education Partnership*, February 2001 and (6) agreed joint MoEYS/donor/NGO guidelines for review and appraisal of the ESP and the *Education Sector Support Programme (ESSP), 2001-2005*, in March and June/July 2001 respectively.

Sectoral institutional reforms are predicated on the role of the central MoEYS focusing on policy development, strategic planning, preparation of operational guidelines and overall quality assurance and monitoring of services. Operational management and implementation of education services will be increasingly devolved selectively to district authorities, institutions and community groups. The strategic/operational planning and resource programming process is in two main phases for 2001. MoEYS presented their *ESP* in February 2001 for pre-appraisal by central ministries, donor agencies, NGOs and other national-level stakeholders. The 2<sup>nd</sup> phase will be a presentation of the more detailed, phased and costed *ESSP, 2001-2005*, incorporating priorities for a mix of support modalities including budgetary support, capital project investment and capacity building TA. The *ESSP* is to be presented in late-May 2001 followed by an in-country joint Government/Donor/NGO appraisal and review exercise scheduled for early June 2001. The anticipated main outputs of the *ESSP* appraisal and review exercise will all be jointly agreed outcomes, namely:

- An education policy/strategy reform action plan and targets, appropriately prioritized and sequenced;
- A medium-term *ESSP* financing framework and budget plan, indicating levels of contribution from Government, donor agencies and private/community sources;
- An *ESSP* institutional reform and development plan, including sequencing of capacity building requirements, with structure and process for *ESSP* progress monitoring and evaluation;
- An agreed *ESSP* forward work plan, including the responsibilities of Government/donor/NGO and other stakeholders, incorporating how forward work planning will be managed and monitored

Selected technical reports from the various technical groups will be reflected in the above agreements and amended action plans. These agreements will be consolidated into an *ESSP Appraisal and Review Report* by end of June 2001 for circulation to all stakeholders. If appropriate, these agreements may be formalized through a joint *Memorandum of Understanding*.

## Education Sector Partnership Development : Key Lessons Learned

**Reaching a Common Vision: Policy and Strategy.** The starting point was Government/Donor endorsement of OECD/DAC targets under the *Education for All* (EFA) at the latest by 2015. In the initial stages, it was problematic to move beyond broad advocacy and promotion of these targets. Especially in a tight aid climate and the lack of predictability over Government resources, this constituted a continuous potential risk for partners' sustained commitment to implementing a common vision. A number of conditions have proved essential in shifting the partnership paradigm in education, namely:

### KEY LESSONS LEARNED

- ✓ First, agree on a Common Vision: Policy and Strategy
- ✓ Focus on Partnership Capacity Building
- ✓ Careful Design of Interventions, Integration of Donor Contributions and Use of Government Systems
- ✓ Built-in processes for Monitoring and Readjustment

- The very visible leadership and ownership of the process by MoEYS senior officials is essential in building confidence amongst other partners to energize this high level commitment to reform. Despite significant aid volumes from 1993-1998, MoEYS leadership recognized that sector performance (e.g. access, quality improvement, greater equity in service provision) had been disappointing, and that in a tightening aid climate, the sector needed to show commitment to radical reform in order to compete effectively for scarce Government and donor resources.
- The need to be opportunistic in sustaining motivation and impetus for formulating and implementing a common vision, drawing on a more conducive environment within Government. From mid-1999 onwards the view was that education reform could only be successful if linked to broader institutional, public administration and fiscal reforms within Government. Introduction of the protected Priority Action Program (PAP) mechanism in early 2000 and the sustained policy dialogues of the I-PRSP and SEDP-2 processes provided both confidence, energy and structure for formulating "pro-poor education" policies consistent with the EFA vision.
- A well-structured and MoEYS-owned process for formulating reforms was and is essential. Through the various policy development task forces, MoEYS was able to mobilize the commitment and time of senior officials and technical staff to work on various aspects of reform. Without these task force structures and processes, it would have been problematic to avoid staff time being deployed on day-to-day operations or crisis resolution.
- Importance of broad dissemination of the vision, policy and strategy for education reform. MoEYS has systematically disseminated information through a number of channels. The I-PRSP and SEDP-2 exercises have been used to share the vision with key ministries such as MEF, MoP, CAR/NPAR, etc. An extensive round of provincial, district and community consultations took place in 1999-2000. Other fora such as the National Education Congress in 1999 and 2000, the National Parents Conference in 2000 and planned consultations with the private sector in 2000 have been used to extend the information reach, although more needs to be done to genuinely engage community groups and civil society in the planning and implementation process. MoEYS also systematically engaged and informed the Donor/NGO community in the formulation of a common vision. A number of strategic seminars on revised partnership arrangements took place in September 2000, attended by a broad range of donors and NGOs. MoEYS leadership has also taken the initiative to consult separately with NGO and private sector groupings through an NGO partnership study (December 2000) and a private sector partnership study in March/April 2001. Under revised partnership guidelines, MoEYS consults with the Donor/NGO community on a monthly basis.

**Partnership Capacity Building.** Sustaining commitment to a common vision is a fragile process. A critical lesson that is becoming increasingly evident is that partners need continuous confidence and capacity building in being prepared to share the opportunities and risks. The single most important factor is that MoEYS leadership is prepared to publicly champion reforms. At the same time, processes need to be put in place that build various kinds of partnership capacity within MoEYS itself (center/peripheral relationships), between MoEYS/other ministries/Donors/NGOs and within donor and NGO groups themselves. The broad lessons learned are:

- A planned but opportunistic capacity building approach. Within the MoEYS HQ departments, policy development task forces have been used to build capacity on crosscutting technical, financial and institutional issues and reforms. The 1999/2000 PAP planning exercises provided an opportunity for individual MoEYS departments to work collaboratively on initial implementation of selected policy reforms associated with gradual deconcentration of education service planning and management, and for building up capacity of provincial, district and school authorities, through strategic seminars, preparation of operational guidelines and intensive training seminars. MoEYS adopted a similarly opportunistic approach in forging partnership with other key Government ministries. The I-PRSP, SEDP-2 and PAP planning and implementation processes provided a vehicle for policy collaboration and planning dialogue with particularly MEF, MoP and Treasury on budget and financial planning. This need for genuine partnership has gradually begun to offset the culture of central control and move towards a facilitative and enabling relationship between central and line ministries. The next phase will include establishment of joint working groups with MEF, MoP, and NPAR in planning and monitoring education reforms from mid-2001 onwards.
- Participation in policy and strategy development. Partnerships can only be forged when Donors/NGOs can proactively engage in policy and strategy development. MoEYS has taken a number of initiatives in this direction. (i) revised partnership guidelines were developed through a joint MoEYS/Donor/NGO small working group appointed by the Minister in late 2000. (ii) Donors/NGOs were required to jointly and independently conduct an appraisal of the draft ESP in March 2000. (iii) The upcoming joint in-country review of ESSP in June/July 2001 will be another phase in partnership capacity building.
- The need for systematic capacity building amongst the Donor and NGO grouping needs to be built into the process. A critical step is mutual recognition that this needs to be done. On the donor side, the situation is complicated by the fact that much of Donor capacity is located outside Cambodia (e.g. professional sector and institutional advisers located in World Bank, ADB, SIDA headquarters etc. overseas). An important capacity building measure is for donors to *develop shared information networks* that can tap into this expertise in a systematic way. An encouraging feature is the decision by Donors, endorsed by MoEYS, to recruit donor liaison TA from mid-2001, based in an agreed agency (such as UNICEF) to help mobilize fragmented donor TA capacity.

- Transition Away from Lead Donor/Facilitator concept. A difficult lesson, only gradually being internalized by Donors, is that partnership involves significantly more than simply provision of resources and that the frequently used concept of a Lead Donor, based on which agency is providing the largest amount of assistance, is potentially unhelpful. The capacity of a partner depends on much more than simply resources, it requires building up trust, having expertise on the ground which can then build up the confidence of the Ministry and other donors and a willingness to be flexible in both the timing and use of whatever resources are available. It is therefore critical that Donors organize and mobilize themselves to optimize the comparative advantages of individual Donors. In particular, forging strong relationships between UN agencies and bilateral agencies (which traditionally have a stronger in-country presence and trust with Governments) with the major lending agencies is a critical part of donor capacity building.
- Complexity of mobilizing an NGO partnership process. The perceived missions, mandates and priorities of education sector NGOs have been fragmented and diverse, and achieving a shared and common view of the role of NGO partners is still embryonic. Encouraging developments were actively initiated by the MoEYS leadership. In mid-2000, the Minister appointed an NGO working group and commissioned an NGO partnership study. The outcome of this process has been an interim NGO Education Board, which anticipates being transformed into an NGO Education Consortium. This interim body coordinated a common response from the NGO community for the ESP review in March 2001. The primary lesson learned is that it takes active Government/MoEYS leadership, encouragement and real participation of NGO partnerships to move productive relationships forward.

In summary, the lessons being increasingly learned is that partnerships will only be effective when constituent members have their capacities in balance. The reality or perception that Government/MoEYS has significantly greater capacity than other members (particularly when TA actively aligns itself with Government) can create tensions. It is therefore essential that all partners are willing to undertake a transparent and realistic assessment of the capacity needed to be effective partners and take the necessary capacity building steps.

**Design of Interventions.** The initial Education Strategic Plan (ESP) document is not a “cast-in-stone blueprint” setting out a fixed menu of project interventions for a five-year period. In contrast, the ESP will constitute the initial phase of a rolling programme of prioritized and sequenced strategies for implementing reform. A forward and collaborative work programme focusing on strategic areas requiring further analysis and design will be a fundamental component of ESP. The presentation of the ESP represents a 1<sup>st</sup> phase in a joint review and agreed appraisal process over March-July 2001. It is expected that Donors/NGOs will attempt to reach consensus on their respective positions rather than presenting individual agency views. The 2<sup>nd</sup> phase will be presentation of a revised ESP, and of a more detailed, phased and costed Education Sector Support Programme (ESSP), incorporating priorities for a mix of support modalities including budgetary support, capital project investment and capacity building TA. The ESSP will be presented in late-May 2001 followed by an in-country joint Government/ Donor/NGO appraisal and review exercise, scheduled for June 2001. These processes are seen as: (i) key milestones in ongoing and transparent annual MoEYS/donor/ NGO consultative processes rather than one-off exercises; (ii) critical mechanisms for negotiation between stakeholders on policy priorities, strategic options and alternative modalities for financing education reform, (iii) opportunities to integrate strategic negotiation and financing discussions with the Government/MoEYS budget planning cycle (starting in July/August of each year); and (iv) means for shifting the education partnership away from a passive “pledging” approach to a pro-active and productive strategic negotiation and annual sector performance review process.

A key feature of the changing partnership paradigm is that ESP design recognizes that sound education reform needs to be placed within rigorous and well-planned macroeconomic management conditions. Key components include (i) “pro-poor education financing” as a pivotal component of the PRS; (ii) formulation of 2000-2001 PAP framework responding to MEF-led priorities for quality and efficiency gains, (iii) strategies that provide early opportunities to implement NPAR pay and civil service reforms (e.g. performance-based teacher salary rises); (iv) a framework for implementing Structural Adjustment Credit commitments to pro-poor education financing and quality improvement measures for basic education; (v) approval by Government of the Education for All assessment, which sets out the broad education policy and strategy targets for the next decade. The movement towards a Medium-Term Expenditure Framework (MTEF) for education, directly related to the Government's 3-year rolling PIP/PEP, will be used as a basis for targeting and design of priority interventions through PAP type program budgeting. The 1<sup>st</sup> prerequisite will be willingness by Government and Donors to gradually move away from narrow stand-alone project type support towards a flexible mix of recurrent budget support, targeted investments (e.g. for facilities) and capacity building. A 2<sup>nd</sup> prerequisite will be the capacity to transparently capture various kinds of assistance within the budget process. Although these processes are still in their infancy, a number of lessons are being learnt, as follows:

- It is a painful process within Government/MoEYS to reach consensus on priorities and move away from the traditional negotiation amongst MoEYS departments for stand-alone projects, whose resources individual departments can control. This is a time consuming but worthwhile exercise for separate donor and NGO groups to try to reach a common position on how to respond to MoEYS priorities. The over-arching lesson is that MoEYS needs to be active in disseminating information on the processes used to reach internal agreement on priorities.
- The difficulty for partners in internalizing the implications of a rolling program as opposed to a fixed sector investment plan and individual projects. The situation is complicated by the fact that individual donor support modalities have variable responsiveness to a rolling approach. Tensions have arisen between donors capable of a mixed modality and those which still advocate a project approach, which can lead to a sense of being excluded from the partnership amongst some donors. The key lesson is to put in place a *flexible, transitional approach* that can accommodate the quite variable programming cycles and policies of all donors supporting the sector.
- It is becoming increasingly evident that development of bottom-up sectoral MTEFs does not always sit comfortably with existing Government and donor budget and program planning processes. It will be a challenge to effectively capture a mix of budget and project type support within the existing PIP structure and format. It then becomes a new kind of challenge for Donors providing sector budget support to effectively monitor the use of their resources, especially when the support is not earmarked towards specific programs.

**Integration of Donor Contributions and Use of Government Systems.** The central thrust of the ESP program design is the use of the PAP mechanism, alongside similar program budgeting for capital expenditure. The basic premise is that the financing and management of education reforms will increasingly make use of Government systems rather than parallel ones, created for discreet donor projects or programs. The design of the 2001 PAP is based on lessons learned from 2000 PAP implementation of PAP 2000 for primary education in 10 provinces, as follows:

- Government through the MEF and MoP need to develop a partnership approach to the planning and monitoring of education programs, whose management will be increasingly de-concentrated and/or de-centralized. Processes and technical capacity has to be built up in both central and provincial levels to work effectively and collaboratively, where participants need to see themselves as stakeholders in securing the success of particular programs.
- Continued reliance on parallel project systems is based on mistrust amongst Donors/NGO partners of the use of Government systems. Many Donors/NGOs have little knowledge or experience of Government systems and their capacity, as such use necessarily means conceding a degree of control over speed of disbursement, accounting and audit procedures. There is only a slow realization amongst partners that continued use of parallel systems and reliance on foreign advisers as project managers is actually draining both implementation and governance capacity within sectoral ministries, and reducing the level of accountability.
- A general lesson being learned is to be cautious and patient about trying to harmonize Government and individual donor programming processes too quickly. MoEYS policy, as outlined in the ESP, is to accommodate a mix of budget support and projects within a broad policy and strategic framework over the next 5 years. This is frequently characterized as a “loose SWAP” as set out in the Statement of Intent. The primary objective is to ensure an inclusive rather than exclusive partnership process. The challenge over the coming years will be to gradually tighten, integrate and harmonize aid planning and management processes, taking account of successes and failures and consensus on when the time is right for greater harmonization.

**Processes for Monitoring and Readjustment.** To shift the emphasis towards the monitoring and audit of system performance outputs and impact, the ESP and ESSP set out a limited number of system performance indicators and assessment of impact on the poor (e.g. representation of children from poor families in schools) and institutional development indicators (e.g. the effectiveness of provincial and district management and monitoring operations, program disbursements etc.). A key role for partners will be to assist with system capacity building, especially for more de-concentrated and decentralized program planning, management, and monitoring processes that allow for adjustment in the phased implementation of priority programs and where necessary, adjustment and re-design of individual programs. A number of lessons are being learned within Government/MoEYS, as follows: (1) Increased emphasis on PAP/program outcomes and results is providing a real incentive for the timely collection and analysis of monitoring data. The incentive is recognition within MoEYS that proven and evidenced success is a key tool in decisions on program adjustment and for effective negotiations with MEF for scarce resources. Increased focus on monitoring outcomes is positively influencing HQ and provincial authorities in deploying more staff time and operational resources towards monitoring rather than day-to-day administrative concerns. (2) The need to increasingly consult schools and community groups on their views of program progress and impact is becoming evident. For example, in March 2001, MoEYS conducted a sample parental survey of opinion on the strengths and weaknesses of the first phase of the PAP for primary education in 2000. (3) An associated lesson being learned is the need for frequent and transparent information sharing on program progress and outcomes. Confidence in using Government systems will only be achieved through advertising success, engaging in frank and open dialogue on system shortcomings and early consensus on key areas of system capacity building to mitigate risk. (4) A further lesson is the importance of rigorous and timely financial monitoring, accounting and internal audit. The shift towards PAP outcome monitoring provided the rationale and impetus for the setting up of a dedicated provincial finance monitoring office within HQ. Similarly, there is now a growing recognition to rationalize the functions and build up the capacity of the Inspectorate General within MoEYS to undertake both technical and financial performance audit. (5) A crucial lesson being learned both by Donors and NGOs is the need to strengthen their own capabilities to participate as partners in both ongoing and annual system performance-monitoring exercises. There are a number of challenges facing donor/NGO partners on the monitoring front, as they need to mobilize capacity that can monitor policy progress and outcomes as opposed to the current narrow supervision and accounting of project activities, and they will need to mobilize the necessary resources and expertise, either from head office or in-country to actively participate in annual strategic negotiations and program adjustment. This may require a realignment of programme support and advisory staff between headquarters and country offices.

**Key Success Factors.** Although concepts on the use of a SWAp mechanism were initially discussed, concerns were expressed on the mixed experiences of education sector SWAps in other developing countries, which resulted in extensive discussions and assessments of the existing level of strategic direction and national ownership. This led instead to the adoption of a strategic partnership approach, wherein the following components were first identified and established as feasible outcomes: Common Vision and Shared Objectives; Agreed Governance and Accountability Structures; Harmonized Strategic Management and Operational Capacities; Learning and Adaptation Capacities; Building and Maintaining Trust. One key success factor was the time spent by the process management team within the MoEYS (senior management, national level management and external advisers) in bridging capacity gaps, providing and exchanging information to all stakeholders, and ironing out the details for open discussion and debates. This transparent process enabled the building up of trust in the integrity of the process undertaken over 1-2 years, just in the preparations and validations of strategic directions and visions. Therefore, despite the somewhat slow start to the process, care was taken in enabling a measured pace in capacity enhancement issues within the MoEYS, in order to build and increase the levels of national ownership for the education sector reforms. The team approach raised the level of confidence of national staff at provincial and district levels and in changing perceptions that this activity was “donor-driven” in nature. The entire partnership development process has just started in the MoEYS and will need to build on Mutual Trust and Harmonized Strategic Management and Operational Capacities, and seriously address Learning and Adaptation Capacities at each step in the process.

## **HEALTH SECTOR-WIDE MANAGEMENT: PUTTING PARTNERSHIP INTO PRACTICE - From SWAp to SWiM.**

**Background.** The Ministry of Health (MoH) has been committed to working in partnership with donor agencies, international organizations and NGOs to achieve effective management and service delivery in the health sector. As far back as 1992, the MoH set up Coordinating Committees (CoComs, Secretariats, and Provincial CoComs) to coordinate and direct Donors/NGOs support to the Health sector. In 1997, MoH defined the need to work towards a possible Sector-Wide Approach (SWAp) in the Health sector and this became one of the main outputs of the jointly executed MoH/WHO Health Sector Reform project (1998–2001). In mid-1998, the SWAp modality was introduced as a concept to all stakeholders during the June CoCom meeting; however, MoH decided to wait until after the 1998 National Elections before undertaking any major steps.

By April 1999, MoH reconfirmed their interest in a SWAp and a Working Group was established and a “*Step-By-Step To SWAp*” Action Plan was adopted. An Internal MoH assessment (with WHO support) in defining the best way forward included the following preparatory activities: (1) Health Policies and Priorities; (2) Costing & Resources; (3) Pipelines Available; (4) Stakeholders Views and Rules; (5) Project Approach; and (6) International Experience. The targets were for a Consultation & Option Appraisal Period, with MoH to produce a SWAp Policy Paper, formation of a SWAp lead group, and for a Sector Partnership Agreement to be prepared by the First/Second Quarters 2000. In July 1999, a Stakeholder Analysis was done and showed that very few Donors seemed to be ready for the common basket component of SWAp. Additionally, during 1999-2000, ten senior MoH officials conducted observation missions to Ghana and Bangladesh where they reviewed and discussed implementation arrangements of Health Partnership arrangements (such as the SWAp).

Learning from these experiences, MoH prioritized the need to focus on common vision, strategies and plans instead of common funding arrangements (or the use of a common basket of funds). In July 2000, the Minister of Health decided to develop a National Health Master Plan and a costing of the plan. The MoH and major donors agreed to start a process that will lead to an improved Sector Wide Management (SWiM) rather than focus primarily on a limited SWAp. The following components identified were: (i) *Joint Health Sector Review (JHSR)* started in Nov-Dec 2000; (ii) *Policy Review and Development of a Strategy Framework*; (iii) *National Health Master Plan 2001-2005*; and, (iv) *Medium Term Expenditure Framework for Health*. MoH expanded participation of the Donor Community on the Terms of Reference (TOR) for the Joint Health Sector Review, on suggested Management structures (Sector Wide Management Committee) for consultations between Donors/NGOs, and for a MoH Sector Wide Management Technical Group to do the work.

In Oct. 2000, MoH established the Sector Wide Management Group to be responsible to guide and direct the *Joint Health Sector Review (JHSR)* process, and long-term TA to support this Group was provided through the joint MoH/WHO Health Sector Reform project. In November and December 2000, the JHSR took place with financial support from MoH/WHO, ADB and DFID. The 1<sup>st</sup> draft JHSR report was forwarded to all Health sector partners for comments. By March 2001 a revised and final draft version was ready and needs still to be internally discussed at MoH as sections are being translated into Khmer.

Both the Asian Development Bank (ADB) and World Bank (WB) are currently planning for a next phase of support (for the 2003–2007 period). The Asian Development Bank has expressed willingness to support the SWiM process and make resources available for the development of the *National Health Master Plan* and has indicated that it will develop a project for the next phase of support (2003-2007) using the current project-based mechanism. Similarly, the World Bank is committed to support the SWiM process and would like its new support to the sector to reflect the *National Health Master Plan*. However, the World Bank also stated that the process of developing a *National Health Master Plan* might take longer than their planned timetables and indicated that they will go ahead in planning a new phase of support. In case the Master Plan will not be ready in time, the World Bank intends to leave increasing amounts of funds un-earmarked in the next five years of support.

In April 2001, during a special CoCom meeting, the MoH presented a discussion paper on preparation for Sector Wide Management (SWiM), which identifies the Goals and Objectives and confirms the steps needed to develop an overall National Health Master Plan, a Policy Review and Strategy Framework, and a Health Medium Term Expenditure Framework (MTEF). The emphasis is to use existing structures in developing SWiM and the need to free up a Core Group of MoH staff to work on the SWiM, with TA support. The MoH wants to use the SWiM process to feed into the Government’s overall Poverty Reduction Strategy (PRS) preparation process, and does not want to have a separate mechanism for the PRSP.

**In conclusion,** the Ministry of Health has gone through an intensive process, over the last 3 years, of moving from initial discussion on the use of the SWAp concept to a more integrated Sector Wide Management (SWiM), focusing on establishing a common vision, strategies and plans, instead of simply common funding mechanisms and arrangements. In the process, Ministry of Health senior and middle management have increased their knowledge and basic understanding of sector wide management approaches and various Partnership modalities. The MoH has finalized all the needed diagnostics tools, which include the Joint Health Sector Review and two household-based health surveys (National Health Survey and Demographic Health Survey), and is now ready for the next steps in the SWiM process. MoH’s external partners are prepared to support the MoH to undertake the others steps towards developing a National Health Master Plan and for costing of the plan.

**Lessons Learned.** Building partnerships, establishing ownership and doing business in a different manner takes time, both for the Donor Agencies, NGOs and the Government through the MoH. The main lessons being learned are among the following:

- Leadership and ownership in a sectoral Ministry are very crucial and important in order to introduce change, action and progress for building Sector Wide Management processes. In addition, high-level commitment to make changes and reforms both in the central ministries such as the Ministry of Economy and Finance (MEF), the Ministry of Planning (MoP) and within the MoH itself are all necessary to move towards SWiM.
- It is important that major donors supporting a sectoral Ministry to have clear agreements between and amongst themselves concerning the SWiM process and its implications for funds programming and execution. Such an agreement needs to stem from the Royal Government's national development agenda, which in the case of the Health Sector is still currently being developed in the National Health Master Plan, 2001-2005. Without this, it will always be difficult to make progress on building collaborative arrangements and commitments for support.
- The World Bank's declaration of being the lead facilitating agency in the previously planned Health SWAP programme was not served by having no World Bank Resident Health adviser and no additional technical assistance resources were ever made available to support this role. Only in April 2001 was the World Bank able to confirm funding to prepare a new project; However, not all of these funds will be used to support the SWiM process. It has been observed that activities and major decisions concerning SWAP implementation by MoH (and donors to a lesser extent) have been deferred to World Bank missions, which in general take place on a quarterly basis. This has indicated inadequate interest in the use of this modality. Such disinterest caused some delays in engaging participation from all stakeholders in the SWiM process as well.
- Donor agencies' own agendas and time pressures to develop a next programme and/or project activity do not facilitate, and in fact hinders, the process that needs to be led by the Government/MoH in developing policies, strategies and a National Health Master Plan, using Sector Wide Management processes.
- It would seem evident that the benefits and gains in moving towards either a SWAP and/or SWiM process are not yet sufficiently apparent to both the Government and the Ministry of Health. Except for WHO/DFID (with Technical Assistance grants) and the World Bank (for concessional loans), no other donors have firmly committed to increase their financial support for SWiM implementation. Policy change takes time and an effective policy development process requires permanent analytical capacity to support the MoH. Departments need to be strengthened during policy reviews and development of an overall National Health Master Plan. Donor agencies cannot continue to support the position that one has to wait for the National Health Master Plan to be ready before taking action in technically supporting the various departments and strengthening MoH capacity.
- One of the major arguments for moving towards SWAP and/or SWiM is that Sector Wide issues can be dealt with more effectively and efficiently. This can only be done successfully when sufficient progress is also being made in National Public Administrative Reform (NPAR) to improve performance and control over budgets and in Fiscal Reforms to improve domestic resource availability, transparency and accountability. Unfortunately, progress in NPAR has been limited and is seriously hampering the scope of improvements that can be achieved. Even though Public Expenditure Management strategies are in place, through Accelerated Districts Development (ADD) and the Priority Action Programmes (PAPs), implementation of these new mechanisms needs further technical and political support in order to achieve the potential benefits for improved service delivery.

**KEY LESSONS LEARNED**

- ✓ Leadership and ownership determine the pace of change and success of reforms.
- ✓ Clear agreements between and amongst major Donors supporting a sectoral Ministry are needed.
- ✓ Move away from Lead Donor concept
- ✓ Focus on having "neutral" core-technical assistance support for process management issues.
- ✓ Shift away from common-basket of funds modality in the SWAP to a more integrated Sector-Wide Management.
- ✓ Need for transition phase to properly integrate separate donor modalities
- ✓ Focus on partnership capacity building
- ✓ Influence and progress of planned actions on Public Administrative Reform are crucial to the success of Health Sector Reforms.

**Partnership Capacity Building.** A new era of "Open Partnership" has to evolve, in which each donor has to respond to the new challenge of letting go its protection of a project setting, with tight controls of each and every step. Some Donor agencies are not (yet) prepared for this challenge. Others see the need for doing business in a different manner but might have to take some time before being ready. More importantly, mutual respect is needed in building partnership. It is important that Donors show respect for current MoH initiatives and achievements and have an understanding that it takes time before outcome indicators like mortality rates will change.

**Key Success Factors and Constraints.** Despite being ahead of other sectors in creating partnerships and effective aid coordination through the CoComs since 1992, the introduction of the SWAP modality caused significant concerns, to which were added the mixed experiences of health sector SWAPs in other developing countries. This has resulted in some delays in the process. Thus MoH is still in the process of creating a strategic partnership approach, with the following components: Common Vision, Common Policies, Common Strategies, Common Plan and Joint Reviews. The entire partnership development process has to build on Mutual Trust and Harmonized Strategic Management and Operational Capacities, and seriously address Learning and Adaptation

Capacities at each step in the process. One key success factor required is to focus on capacity building of MoH leadership of the national development agenda and to build and increase the levels of national ownership for health sector reforms. This is where was the time spent by the process management team in bridging capacity gaps, providing and exchanging information to all stakeholders, and ironing out the details for open discussion and debates would enable the building up of trust in the integrity of the process to be undertaken. A team approach would raise the level of confidence of the national level staff at the provincial and district levels and change their perceptions that the SWiM process is "donor-driven" in nature.

## **PARTNERSHIP FOR BUILDING TOGETHER: ACHIEVING GENDER EQUITY AND SOCIAL DEVELOPMENT.**

**Background.** Cognizant of the gender gap and confronted with the need to improve the condition and position of women in Cambodian society, the Ministry of Women and Veterans' Affairs' (MoWVA) mission is to improve and protect the welfare and rights of women, and the families of veterans, the majority of which are headed by women. These efforts are being carried out in close cooperation and partnership with other state institutions, NGOs, civil society organizations, the private sector and the International Donor Community. The fulfillment of the ministry's mission will contribute to the creation of dignity, equality, development, stability and sustainable peace. The ministry's five-year plan *Neary Rattanak*, "Women are Precious Gems", emphasizes building the capacity of women as well as changing attitudes and behaviors within society that discriminate against women. This plan focuses on priority areas: health, education, legal protection, and economic development based on the declaration and platform of action of the Fourth World Conference on Women in Beijing. Achieving gender equality and gender equity are key to social justice and improvement of quality of life for all.

The strategies laid out in *Neary Rattanak* were further elaborated into a five-year plan for MoWVA and incorporated into our SEDP II: 2001-2005. This plan places increased emphasis on the role of the ministry as a catalyst and facilitator in responding to gender concerns in priority sectors. It also provides a framework for further discussion and negotiation with the relevant ministries towards formulation of a national plan for the advancement of the role and status of women in Cambodia. MoWVA's overall goal was defined as: To advance the role and status of women and veterans in Cambodia. MoWVA's five-year plan continues to place high priority on gender mainstreaming and increasing public awareness of gender concerns. The overall goal of the ministry's mainstreaming strategy is to build up the capacity of Government to mainstream gender in poverty alleviation and governance. This gender mainstreaming strategy has five main components: Building Commitment and Capacity; Influencing Policies to be Gender Sensitive and Responsive; Increasing Participation of Women in National and Local Development Planning and Governance; Enhancing Capacity for Gender Planning, Monitoring and Evaluation; and Increasing Public Awareness and Support..

**Partnership Capacity Building: Integrating Technical and Financial Assistance to MoWVA.** The national programme "*Partnership for Building Together: Towards Achieving Gender Equity and Social Development*", supports the implementation of the RGC's five-year strategic plan for the advancement of women. It is building capacity of MoWVA to incorporate gender concerns and principles into policy formulation and development with due regard for equality, justice and improvement of the quality of life of all Cambodia citizens. This programme started in March 2000 and is supported by UNDP and the Royal Government of the Netherlands. This partnership activity supports the enhancement of capacities to influence the policy-making process to create the spaces, opportunities and capacities of women to participate and be equal stakeholders in the national development process, facilitates the promotion of the rights of women, develops capacity to access legal systems, and establishes legal assistance mechanisms to uphold women's rights. Community development programmes and services will be implemented to address the critical social and economic needs of poor households, women and children at risk, including war-widows. An information dissemination system and a public information strategy will be developed to heighten awareness of gender and development issues and a gender-based resource center established to support policy planning and formulation, and gender mainstreaming. In addition, this partnership activity brings together the separate but integrating components of other technical assistance and financial support being implemented at the MoWVA, as follows:

- The ADB's *Technical Assistance for Capacity Building for the MoWVA* started in May 2000 helps the RGC achieve gender mainstreaming in accordance with the National Policy for Women by providing capacity-building support as part of a process to strengthen MoWVA to become a coherent institution that will be able to influence and guide the line ministries and lower level administration units to mainstream gender concerns in their own sectoral policies, priorities, strategies, programmes, and projects. The TA is working to strengthening the managerial, analytical, and administrative capacity of MoWVA so that it can implement, monitor, and evaluate the activities identified in the Five-Year Strategic Plan, is developing an institutional framework, systems, and operational procedures for the ministry to enable it to effectively carry out its role as catalyst and facilitator.
- UNFPA's Gender Resource and Information Program contributes to gender equality and equity in population and development and reproductive health through improved access to resources and information. The project commenced in November 1999 and has been working towards (1) setting-up of a comprehensive gender-based resource and information center and clearinghouse; (2) increasing awareness of gender issues among policy-makers; and, (3) increasing knowledge and capacity in the retrieval and utilization of gender-based information for programme planning, implementation, monitoring and evaluation. In addition, UNFPA's *Reproductive Health Education in Communities* programme has trained 800 female reproductive health volunteers in eight provinces since its inception in 1999, trained male volunteers, and, established a network of community development agents, and will continue over the next five years in cooperation with the MoH.
- The *Capacity Building of MoWVA for Prevention of All Forms of Trafficking in Women and Children in Cambodia* (as supported by the International Organization for Migration and the Government of Finland) aims to strengthen the

human resources and program capacity of MoWVA in preventing trafficking. Concrete preventive measures will involve legal literacy, information dissemination, advocacy, and policy formulation. At the end of the project: The MoWVA Counter-trafficking Office will be better equipped and able to plan and implement new activities; will have contributed to the formation of a National Authority on Trafficking in Women and Children; and, will be involved in reviewing existing laws and drafting new laws to enforce the full protection of women's rights. A total 2000 authorities from national to village-level administration across six provinces and municipalities are to be trained in legal and socio-economic issues related to trafficking and migration; and, vulnerable women and children in 900 villages will have been exposed to reliable information on orderly migration and the dangers of trafficking, as well as first-step means of self-protection. Intensive village-based activities that encourage preventive community action will have been piloted in vulnerable villages in each project province and municipality.

This partnership programme modality continues to build upon the experiences gained from implementing various programmes and initiatives of the Royal Government, international organizations, and NGOs. Experiences particularly useful would be those of capacity building on gender mainstreaming in five provinces within the CARERE/SEILA programme supported by UNDP. UNICEF's work on Community Action for Social Development, vulnerability assessment and emergency assistance provided by the World Food Programme. Media projects of UNESCO and the Women's Media Centre, legal aid work carried out by UNCHR and numerous other agencies, the Cluster School Programme of the MoEYS, knowledge obtained from implementing GTZ, JICA and AusAid projects, the World Bank-supported Northeast Village Development Project executed by the Ministry of Rural Development and such similar initiatives are being considered. Assistance under active consideration by other aid agencies include an advocacy campaign and information education and communication package with assistance from UNAids, and reproductive health information, education and communication initiatives supported by UNFPA. The Partnership for Building Together programme facilitates, coordinates efforts, and continues to develop collaborative relationships with NGOs both as active partners to facilitate and learn from the activities, and as recipients of project assistance. Finally, the programme envisages the establishment of Gender Focal Points within each line ministry.

**Key Success Factors.** The entire partnership development process has just started at the MoWVA. This is based on the impetus being provided by the national leadership at the MoWVA, which has resulted in the Donor agencies' agreement to support the achievement of capacity building in the national programme as defined in Neary Rattanak. Extensive discussions and assessments of the existing level of strategic direction and national ownership was carried out in mid-2000 as a preparation for the MoWVA's submission to SEDP-2. This led instead to the adoption of a strategic partnership approach, wherein the following components were first identified and established as feasible outcomes: Common Vision and Shared Objectives; Harmonized Strategic Management and Operational Capacities; Learning and Adaptation Capacities; Building and Maintaining Trust. One key success factor was the time spent by the various technical advisers within the MoEYS in starting to identify and address the capacity gaps, providing and exchanging information to all stakeholders, and ironing out the details for open discussion and debates. This transparent process approach enabled the building up of trust in the mechanisms to be undertaken over the next 3-5 years. The use of the team approach is still in the process of becoming fully effective, as perceptions that these activities are "donor-driven" in nature cannot be completely avoided, more so with the national level staff at the provincial and district levels. The entire partnership development process will need to build on Mutual Trust and getting down to real work on Harmonized Strategic Management and Operational Capacities, as well as seriously addressing Learning and Adaptation Capacities at each step in the process.

## **ON-GOING INITIATIVES IN NATIONAL-LEVEL PARTNERSHIPS:**

**Partnership with the Private Sector.** The RGC considers the private sector, both domestic and foreign, as the "engine of growth" in Cambodia, offering know-how, training, investment and a source of tax revenue, all of which are crucial for development and employment creation, and contributes to the openness to ideas, innovation, opportunity and empowerment. A vibrant private sector requires that crucial elements of structural policy are in place, which include tariff policy, tax policies, trade policy, competition and regulatory policy, and corporate governance. The RGC has doubled efforts to create conditions for a climate of investor confidence. A *Government-Private Sector Meeting* is held once every six months to address impediments to private sector growth, supported by seven *Business-Government Sectoral Working Groups*, which meet monthly to sector-specific problems on an ongoing basis. Each sectoral working group is run by a committee including ten members: six from the business community and four from the government. The RGC aims to give certainty to investors about the "rules of game", with regard to taxation, transparent regulations and the protection of property rights. Private firms play an increasingly important role in job creation, thus liberating people from poverty. A competitive environment is the prerequisite for a well-functioning market. Competition is the best way to avoid concentration of power, oligarchy, monopoly, corruption and other distortions that make efforts to help poor people ineffective. The RGC will soon formulate a policy for encouraging micro-enterprises and small and medium enterprises (SMEs), as the vast majority of firms operating in Cambodia are micro-enterprises. These informal, unregistered firms play an important development role, offering opportunities to poor and unskilled people, and are the most common steppingstone to small-scale enterprises, which typically employ up to 50 employees. SMEs act as a major engine of upward social mobility, pulling in people from lower-productivity occupations. Therefore, the RGC intends to pursue policies that favor SMEs, such as streamlining regulations to allow them to grow. Markets, however, cannot operate effectively without an adequate legal and regulatory framework. The inadequacy of laws pertaining to accounting, insurance, negotiable instruments, secured commercial transactions, bankruptcy, contracts and commercial credit, also hamper the effective functioning of the financial sector. It is in these specific areas that the *Partnership with the Private Sector* will achieve its most efficient gains as we expand the level of participation of all stakeholders.

**Consensus Building with the Governance Action Plan.** The RGC's focus over the last few years has been national reconciliation, rehabilitation of social infrastructure, provision of essential services, and establishment of an enabling environment to economic growth. Attention has now turned to: Strengthening the Rule of Law, particularly, enforcement mechanisms; Further democratizing the Country's institutions and to make them more accountable; Building capacity of the Administration and of accountability mechanisms; Significantly improving delivery of public services; Addressing the causes of corruption; and, Developing human resources. The development of a holistic, comprehensive and flexible *Governance Action Plan* (GAP) was a critical first step, as it brought related initiatives within the jurisdiction of the RGC under a common umbrella framework, and provides for their sequencing, benchmarks, expected results and potential risks. By nature, the GAP is a rolling strategic plan to be updated periodically in consultations with stakeholders with specific work plans developed or to be developed by concerned ministries or reform councils in collaborations with their partners. The 1<sup>st</sup> version of the GAP developed with support of the World Bank was circulated at the 2000 Consultative Group Meeting. In July 2000, The Council for Administrative Reform (CAR) wrote to Ministers and Chairmen of reform councils for their comments and suggestions, and in August 2000, CAR wrote to donors and representatives from Civil Society and NGOs, and received wide-ranging comments and suggestions. In October 2000, a revised GAP was circulated to all internal stakeholders to fine-tune the scope of initiatives and facilitate internalization and ownership with the final revised GAP circulated at the January 29, 2001 RGC-Donors Meeting for information, and sent to reform councils and ministries for a last round of review before submission to the Council of Ministers for approval. Ministers wholeheartedly approved the revised GAP on March 2, 2001. The CAR Secretariat undertook a wide dissemination campaign involving internal and external stakeholders. A series of meetings were held with the various reform councils and key ministries to establish ways and means to better coordinate efforts and establish procedures to monitor implementation. The Aide Memoire on Implementing the GAP is the result of these arrangements. Workshops were held with government officials both within the central administration and in provinces involving some 1000 officials. Two briefing sessions were also held with members of the National Assembly and the Senate and the staff of their respective secretariat to inform them on the purpose, scope and initiatives of the GAP. Concurrently, and in cooperation with the various reform councils, the CAR held consultations with the donors' technical work groups and other stakeholders to complete the Performance Matrix. A series of bilateral meetings were held with individual donors to explore aspects of the GAP of particular interest to them. The objective was to ascertain the extent of their current involvement in support of GAP related initiatives, their future intentions and to assess the costs of initiatives of interest to them. The resulting matrix will be circulated as part of the documentation for the 2001 CG meeting. In March 2001, the CAR also undertook to develop ongoing working relations with civil society representatives. A technical working meeting was held with members of NGO Forum, CCC and Medicam to brief them on how the GAP takes account of their many suggestions made during the consultations. Following a Workshop held by NGOs, in mid-March, to which representatives of the various reform councils participated as resource persons, mechanisms were put in place to facilitate dialogue and cooperation between the civil society and government. This complements arrangements made with the donors to improve transparency and participation. Although significant progress has been made much remains to be done. Experience in other countries shows that improving governance will require unwavering political commitment and significant resources over many years. Success will require stamina, discipline and determination. Difficult decisions will need to be made. New partnerships among stakeholders and with the International Donor Community and civil society will be crucial to success.

**Integrated Framework (Trade and Investments) for Cambodia.** The national Poverty Reduction Strategy (PRS) is in the process of being fully shaped through the formulation of several key documents, which include the Interim-PRSP, SEDP-II, 2001-2005, the country's *Ten-Year Plan of Action* to be tabled at the Brussels LDC-III Meeting (in May 2001), and the Full-PRS Paper (due out at the end of 2001). As part of our overall development objectives, the RGC has adopted, among others, a Trade Sector Strategy that is "growth enhancing and pro-poor in focus". It is in this context that the RGC requested technical support from the agencies involved in the Integrated Framework on Trade. The Integrated Framework (or IF) is the outcome of a commitment made by six multilateral agencies (IMF, ITC, UNCTAD, UNDP, WB, and WTO) to coordinate their assistance in the area of trade and investment integration into the global economy among themselves and with other multilateral and bilateral donors. The Integrated Framework came about as a result of the High Level Meeting for LDCs organized by the WTO in October 1997 in Geneva, which sought to fulfill a commitment made earlier by the developed countries to deploy special efforts and help LDCs make better use of the opportunities for development opened up by globalization. The six multilateral agencies also decided to mainstream the IF initiative into the national poverty reduction strategy of each recipient developing country being assisted. At the invitation of the RGC, a first mission led by WTO with staff from ITC, UNCTAD, and UNDP came to Cambodia in March, 1998 and a trade-related technical assistance needs assessment report was prepared and presented by the RGC to WTO in September, 1998. In late October, 2000 a second mission led to the signature of a Memorandum of Understanding which led the International Trade Center (ITC) to start work with the RGC and UNDP-Phnom Penh for the formulation of a "*Pro-Poor Trade Sector Strategy for Cambodia*" with a supportive Plan of Action. The Ministry of Commerce, which was designated as the focal point for the implementation of IF in Cambodia, coordinates closely with Ministry of Planning, Ministry of Economy and Finance, and the Council of Ministers – in order to mainstream the country's trade sector strategy into the national strategy for development and poverty-reduction. In the local donor community, UNDP has taken the lead to coordinate the implementation of IF in Cambodia.

**National Leadership and Ownership.** The RGC has made it clear that its *Pro-Poor Trade Sector Strategy* is to be developed in partnership and dialogue with Cambodia's Business Sector, civil society, and External development partners. A first meeting was held on January 30 between the Ministry of Commerce and selected representatives from the sectoral working groups organized by the Phnom Penh Chamber of Commerce under the umbrella of the Business Forum Initiative. The purpose of the meeting was to explain the objectives of the Integrated Framework and the needs to formulate a Trade-Sector Strategy in collaboration with the business sector. Further consultations are being held. At present, the Ministry of Commerce is seeking agreement from the business community on a short list of product sectors to be the focus of sectoral action plans for export development.

**Partnership Capacity Building.** The over-arching objective is to develop a strategic partnership between the Ministry of Commerce and other key trade stakeholders in the process of formulating (and later on, implementing) the national pro-poor trade sector strategy. The *Primary Approach* is to promote *Country Level Strategic Partnerships* both within government institutions and with the business community, local NGOs/CSOs, local donor community, etc. This local partnership approach is consistent with the notion that, while national leadership is needed to manage the trade agenda, that agenda is too large to be managed by a single government institution and must be supported by a wide range of stakeholders. In this regard, Cambodia is increasingly adopting open policy-making processes, promoting stronger partnership between the RGC, business and others in civil society in the formulation and implementation of a wide range of policies and efforts. In the area of *Government-Business Sector Partnership*, we are experimenting with a Business Forum, as a mechanism for regular, planned quarterly consultations between partners. The Prime Minister attends these quarterly consultations. Representatives from the business community will be consulted in relation to the assessment of a number of “cross-cutting issues.” In addition, the relevant sectoral working group committees will serve as focal points for the preparation of sector action plans. The Donor Community is another critical “stakeholder” as we have developed a fairly intensive system of consultations with donors – especially when compared to other developing countries. This includes not only the formal Consultative Group (CG) meetings, including the bi-annual consultations such as that held in January 2001, but also working groups set up between donors and government focusing on specific issues (e.g. fiscal reforms, social sector, governance, etc.) and the regular High-Level Consultations held on a bilateral level. These mechanisms are critical in ensuring that national stakeholders and donors develop and work from a shared vision of objectives and goals. The *Second Strategic Approach* is to *Enhance Access to Information, Knowledge Networks and Best Practices* in relation to trade and poverty outcomes. A strategic partnership network comprising of other LDCs, trade related international NGOs, donor agencies, etc. would represent a substantive backbone for the RGC to carry out its pro-poor trade sector reforms. In this regard, Cambodia seeks to build partnership with other LDCs in preparing a common strategy on the next round of trade negotiations. There is also a need to critical review existing opportunities to strengthen the capacity of civil society on trade related issues, which includes partnership building with other global civil society networks related to trade issues. Finally, the adoption of trade as an alternative mechanism for the sustainable funding of development requires effectively engaging Donors to allocate a greater share of ODA towards trade reforms.

In summary, the over-arching development objective of these *Partnership Building Approaches* is to strengthen Government leadership and ownership of the national poverty reduction effort by focusing on enhancing its knowledge base on trade reforms for poverty reduction, through strategic partnership building. Technical support will provide the basis for much needed informed dialogue and consensus building between Government and civil society on the policy and strategic framework required to ensure that trade does benefit the poor in Cambodia, and serve as a coherent strategic framework that the RGC can use to mobilize support to implement its development strategy of poverty reduction.

### III. STRATEGIC IMPLEMENTATION CONSIDERATIONS FOR CAMBODIA

We in the Royal Government, as well as our 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 research and literature on the subject, we are just starting to build our local collective experience, and even if the development partnership concept requires a leap into the unknown, we have demonstrated our willingness to experiment with these new tools. There appears to be momentum in creating a clear *road map toward more collaborative partnerships* in Cambodia, whether these become adaptations of the SWAP, SWiM 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, as these requires progressive and positive changes in many of the structures and modalities that currently exist. 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 development cooperation. We would like to review some of the key implementation considerations that, in the view of the Royal Government, would need to be clarified with all our development partners.

- | STRATEGIC CONSIDERATIONS  |
|---|
| ✓ Ownership, Commitment and Shared Resources                                |
| ✓ Flexible Partnership Modalities   |
| ✓ Starting Gradually, Getting Priorities Right and Using Pilots             |
| ✓ Identifying and Differentiating Partner Roles                             |
| ✓ Developing National (in-country) Coordination Capacities                  |
| ✓ Strengthening External Donor Capacities for Aid Management & Coordination |
| ✓ Implications for Good Governance and Administration Reform                |

**Ownership, Commitment and Shared Resources.** We do not view development partnerships to be a replacement of more traditional “project” or other approaches and forms of technical assistance. We see development partnerships as a governing modality 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. We have seen, as demonstrated in the previous pages that national ownership and leadership of the process for partnership building are crucial to building mutual trust and commitment. This is never easy, more so for the members of our Government, who are still building-up their own knowledge management capacities, unless mutual respect and capacity enhancement for national execution and responsibility are openly and transparently practiced.

**Flexible Partnership Modalities.** It is too early to say which model or approach for development partnerships would best serve the interests of Cambodia. As we have seen successful examples in the previous pages, flexibility primarily targeted to the objectives in the national development agenda, is the key to success. We are building on the 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 use of SWAPs has been proposed, and as we have seen have already evolved into Sector Wide management approaches. 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, but this should not hinder creative development of options. The key is in being able to learn, as well, from other examples adopted by other developing countries, as it has become obvious that the imposition of strictly developed country viewpoints into our own developing country situation have not completely proven a success.

***Starting Gradually, Getting Priorities Right and Using Pilots.*** It has been continually stated 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. The pilot partnerships that have started have built on quasi-partnership arrangements that have already shown promise in Cambodia. Pilots also support the notion of building on a current base, fostering experimentation and learning. We have already established the priority and sequencing for pilots, linking these to national development goals and priorities. The selection of pilots required a methodology or process whereby key stakeholders and potential partners can fully participate, where the resource and capacity considerations can be factored in, and where other anticipated costs and benefits can be clearly established. The pilot initiatives 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.

***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 Lead Partner would also vary, depending on comparative advantages and strengths of the partners and the requirements of the partnership. External Lead Partners should fulfill roles such as that of catalyst, facilitator, technical and resource advisor, or other roles. As we have seen in the examples in the previous pages, the roles and responsibilities of the External Lead Partner or facilitator cannot be abused, as partnerships are built primarily on mutual trust and respect. It has also been demonstrated that a difficult lesson, which is only now gradually being internalized by Donors, is that partnerships involve significantly more than simply provision of resources and that the frequently used concept of a Lead Partner/Donor, based on which agency is providing the largest amount of assistance, is potentially unhelpful. The capacity of a partner depends on much more than simply resources, it requires building up trust, having expertise on the ground which can then build up the confidence of the sectoral ministry and other donors, and a willingness to be flexible in both the timing and use of whatever resources are available. It is therefore critical and crucial that Donors organize and mobilize themselves to optimize the comparative advantages of individual Donors. In particular, the major lending agencies should forge stronger relationships with UN agencies and some bilateral agencies (which traditionally have a stronger in-country presence and trust with Governments), as this forms a critical part of donor capacity building.

***Developing National (in-country) Coordination Capacities.*** If development partnerships prove to be the more cost-effective and efficient approach in meeting our national objectives, we in the Royal Government have already started to strengthen our own national capacities in order to support the evolution towards collaborative development partnerships. Other legislative, regulatory and decision making structures (central and local) will soon 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. As stated in the beginning of this paper, we have already established a National Programme and an Inter-ministerial Task Force and Committee to Strengthen Development Cooperation Partnerships, which will enable the implementation of our strategic vision and policies for Partnership arrangements in each target sector. In particular, our Strategic Management Framework will have capacity development as the centerpiece of these innovations, and focus on national execution of all technical interventions in order to boost national capacity and competencies at local and central levels in the areas of aid management, information technology, information dissemination, policy dialogue, consensus-building and advocacy.

***Strengthening External Donor Capacities for Aid Management & Coordination.*** As discussed in the previous pages, opportunities exist for strengthening and/or revised existing mechanisms of external donor coordination at the country level. Internal donor policies, practices and procedures may also need to be closely examined to ensure that they are supportive our Government's policy thrusts for national ownership, leadership and overall coordination specifically in an emerging more collaborative partnership environment.

***Implications for Good Governance and 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. Performance and existing capacity constraints within the civil service need 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.

#### **IV. NEW PARTNERSHIP INITIATIVES AND ADAPTATION OF TECHNOLOGY**

**Supportive Governance Framework Involving Civil Society.** Poverty indicators and monitoring mechanisms, developed through our Poverty Monitoring and Analysis project activities at the Ministry of Plan and as embodied in our Poverty Reduction Strategy (PRS) and SEDP-2, would be utilized to introduce a results-or impact-oriented accountability framework into the development partnership, which, in turn, is likely to trigger more joint Government-Donor resource planning and programming action. Participatory policy development, joint programme identification and evaluation exercises will enable a shared sense of ownership of development resources. This mechanism would be incomplete, however, without proper monitoring of progress towards the desired partnership ideal. A *Supportive Governance Framework* for the development partnership has to reach beyond official development partners and beyond Cambodia's boundaries to be fully effective. Public accountability and civil society dynamics would be engaged through a *Development Partnership Monitoring* mechanism for assessing progress and identifying issues during the transition to a fully functioning development partnership, covering dimensions such as partnership principles, procedural harmonization, national ownership, and capacity development actions and indicators. These will operate within the in-country aid coordination mechanism and the Consultative Group Meeting processes.

**Capacity Development Support and Technology Assimilation.** The Strategic Management Framework we are developing in our National Programme to Strengthen Development Partnerships focuses on improving the quality of development management information available to both national and international partners, on using the SEDP-2 and Poverty Reduction Strategy (PRS) as the common frame of reference for sectoral development action plans, and on building the utility value of the national resource planning, programming and coordination system. In enhancing management information systems, the change management approach we are considering is to integrate relevant strategic information, rather than trying to physically integrate the various database systems located in separate institutions. The innovation is to capitalize on the current interest in Internet technologies to transform the various information management mechanisms into a fully integrated and comprehensive information, planning, programming and coordination tool that is easily available and valuable to all its users through the entire resource programming and project cycle. The focus is to build information exchange and access links with various Internet Web pages and databases of donor agencies, sectoral ministries, NGOs and national institutions, in order that programme management information can be organized and accessed by all possible users. It is not intended that integrated strategic information be resident in one central Government agency. CDC/CRDB is currently leading efforts in facilitating consensus decisions in this area, as well as coordinating with the recently established *National Information Communications Technology Development Authority* and various donors in the development of the Government's Internet Web-site or Web Portal.

**Information Links and Networks to Private Sector and Civil Society.** We in the Government are increasingly concerned that insufficient know-how and capacity is being transferred to national organizations. As Cambodia is far behind most countries in the operational utilization of Information and Communications Technologies (such as with the Internet), these 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 development projects and programmes needs to be broadly shared and made available. 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. We fully intend to build strategic partnership and information networks with other LDCs, international NGOs, UN Agencies and donor agencies, in order to access existing opportunities to strengthen private sector and civil society capacities on development issues, build partnerships with other global civil society networks, and to develop alternative mechanisms for the sustainable funding of development.

#### **V. CONCLUSION**

The pilot partnerships already started-up are clearly demonstrating that national ownership and leadership of the process for partnership building are crucial to building mutual trust and commitment. Flexible partnerships primarily targeted to support our national development agenda (both in SEDP-2 and PRS), is the key to success. A clear process methodology whereby key stakeholders and potential partners can fully participate, where the resource and capacity considerations can be factored in, and where other anticipated costs and benefits can be clearly established is essential. Pilots will 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. External Lead Partners should fulfill roles of catalyst, facilitator, technical and resource advisor, or other roles, and as we have seen in the examples in the previous pages, these roles and responsibilities cannot be abused, as partnerships are built primarily on mutual trust and respect.

In development partnerships involving external donors and NGOs, the Lead Partner should, in all instances, be a national agency or organization. Capacity development is the centerpiece of all these innovative efforts and we will focus on national execution of all technical interventions in order to boost national capacity and competencies at local and central levels in the areas of aid management, information technology, information dissemination, policy dialogue, consensus-building and advocacy. The Royal Government's firm guiding policy is to enable the full participation of all Partners - Donors, NGOs, the private corporate sector and civil society in the integrated planning and programming of development in each sector, allowing for both programme and projects to continue either in separate or joint implementation, and encouraging joint monitoring, impact assessment and evaluation of results.