

**Concept Note on Programme-based Approaches in Cambodia
October 2010**

I. Background

Programme-based approaches (PBAs) are the Royal Government of Cambodia's (RGC) preferred tool for implementing sector strategies and core reforms. PBAs are regarded as a mechanism to promote national ownership of development programmes, ensure coherent programming of resources, strengthen national capacities and systems, and, most important, to deliver development results. At the third CDCF meeting in June 2010, RGC and its development partners endorsed the PBA approach and agreed to move forward with their development in order to maximise the combined impact of domestic resources and external development assistance.

In its simplest form, a PBA is about getting organised to produce the best results. While there is no blueprint for PBA design or implementation, this paper provides a basic roadmap that identifies the main objectives and components. The paper therefore begins by clarifying the definition and purpose of a PBA. It then identifies the principal components of a PBA that may be adopted by RGC Ministries and agencies with their development partners, working together in the Technical Working Groups. It then proposes a 'menu of options' of support that, upon request from a Ministry, agency or TWG, can be provided by the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC), in its capacity as the RGC's designated aid management focal point.

Support will be designed and tailored to enable a practical diagnosis of challenges in a particular sector or programme together with next steps to be taken. This customised and applied approach has been described as a "clinic".

II. Defining a programme-based approach

A programme-based approach is defined in terms of its objective. This is usually stated as an effort by Government to lead a sector (e.g. health), thematic issue (e.g. gender) or a reform programme (e.g. public financial management, decentralisation) in a coordinated way to achieve results in an efficient and sustainable manner.

A PBA is defined as way to work together in a coordinated partnership under Government's leadership to achieve results in an efficient and sustainable manner.

The key words, which are underlined above, require some elaboration:

Leadership – The PBA is a nationally owned programme. Government sets out policy, identifies how resources are to be used, defines implementation arrangements, manages coordination arrangements, and establishes effective monitoring mechanisms.

Coordination – all partners engaged in a PBA participate in policy dialogue and review. Resources are programmed in a comprehensive and coherent framework in line with the RGC budget and public financial management reforms. Partnerships are established to ensure effective information sharing, learning and effective use of resources.

Results – a clear framework of expected results at output and outcome level is associated with the respective policy and expenditure framework. These results are to be articulated at the level of the sector or programme and all external resources are to be programmed to support their realisation. Project-level results frameworks are to be based on sector policy.

Efficiency – working arrangements are to be agreed and implemented so as to minimise the financial and administrative cost of delivering a defined output. PBA portfolio reviews and a focus on using national systems are examples of how efficiency can be promoted.

Sustainability – is to take account of long-term capacity and financial considerations. Sector resources should be used to develop capacity and systems, while the integration of recurrent and capital expenditure frameworks will ensure that public investment is effectively managed and maintained over the longer-term. Appraisal of new projects (to consider long-term recurrent financing implications), identification of the drivers of costs (to identify where resources must be deployed or where efficiencies may be priorities) and inclusion of all resources and expenditures in a sector budget framework are some of the methods for promoting sustainability.

It should be noted that:

- (i) no particular working practices are prescribed. A PBA is intended to represent a national programme so that all domestic and external resources are managed within a comprehensive framework.
- (ii) a PBA does not come with a blueprint, although a number of common components have become associated with a PBA, based on their broader public service reform underpinnings (e.g. efficiency, performance, results and accountability) that informs the approach.

III. Principal elements of a PBA

Following directly from the definition of a PBA and the principles on which they are based, the basic components of a PBA (see also Annex One) can be identified as:

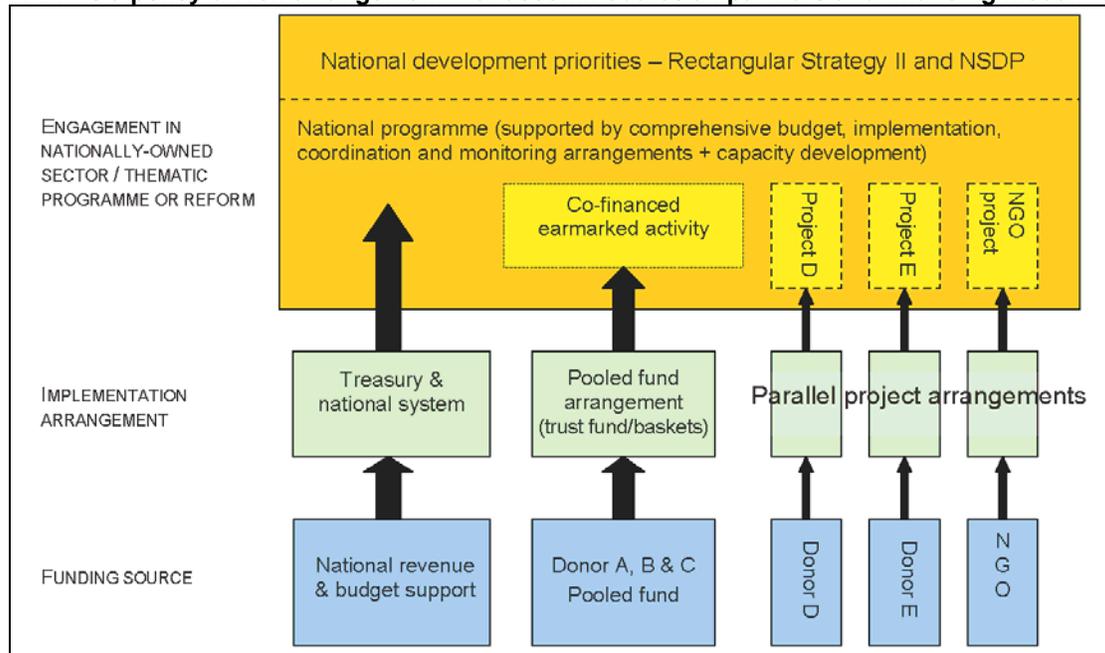
- a) **Comprehensive policy framework** – this provides the basis for defining the 'sector' and the engagement and resources of all domestic and external PBA partners. The policy must be fully owned by Government. Costing should be consistent with the RGC macroeconomic framework and expenditure 'ceilings' negotiated with MEF.
- b) **Common goals** – these are clearly stated in the policy framework, with agreed targets and (joint) monitoring arrangements.
- c) **Comprehensive resource framework** – an annual workplan (and/or a medium-term framework linked to the Budget), guided by PFM reforms on programme budgeting, that supports the strategic allocation of resources and promotes consistency, prioritisation, efficiency and sustainability in programming and expenditure (and allows for monitoring of results through transparency in availability and allocation of inputs).
- d) **Partnership and dialogue structures** – coordination mechanisms are established (e.g. TWGs) to discuss policy, to clarify roles and responsibilities, and to support implementation and review (see, for example, the Guideline on the Role and Functioning of the TWGs). A negotiated set of 'partnership principles' may formalise roles and responsibilities, promoting a partnership based on mutual accountability.
- e) **Agreed institutional arrangements and responsibilities** – for management, planning, dialogue, implementation, reporting, monitoring and review (these need not all be common/joint, at least in the early stages, but should be clear and agreed). Performance indicators and data collection methodology should be specified to enable monitoring of results.
- f) **Capacity development component** – a joint assessment should be made early in the PBA process to promote a common approach towards strengthening capacities and systems associated with attaining the results specified in the policy framework. External assistance is then coordinated around a common set of capacity-related priorities and a sector-wide approach.

There are a number of additional features and considerations to be noted:

- Civil society organisations can be part of PBA, even though their funding will be managed outside of the RGC system. Civil society organisations may provide inputs during policy formulation, and/or may support implementation and monitoring. This highlights the flexibility of the PBA in accommodating all modalities.
- Aid effectiveness approaches may be defined explicitly, e.g. through Partnership Principles or a sector-specific aid management component of the PBA. Alternatively, arrangements for effective aid management can be integrated into the policy document or in the institutional arrangements (e.g. TWG Terms of Reference).
- Core reforms (e.g. public administration, sub-national democratic development, public financial management) may be incorporated into the PBA arrangement to ensure policy consistency and to emphasise the capacity development aspect of the PBA.
- Establishing a PBA should be undertaken as a process, not as a one-off activity. Different components can be developed and strengthened over a period of time.
- The PBA itself is not a financing instrument, it is a process to ensure national ownership of a policy-driven approach to achieving a developmental objective. The PBA is not synonymous with pooled funds or budget support and does not exclude projects. All partners and all modalities – domestic resources, project aid, technical assistance, investment funds, pooled funds and budget support - should therefore ensure that their support is within the policy framework and workplan/budget.

Bringing each of these elements together, the PBA can be seen as a policy-driven instrument for aligning resources with national priorities and systems, promoting efficiency, capacity, sustainability and results.

A PBA is a policy-driven arrangement that accommodates all partners and financing modalities



IV. PBAs in the Cambodia context

A PBA is a mechanism that enables the sector or reform programme to become better organised by bringing together the many actors and processes that are already in place. PBAs may appear to represent new or different ways of working but they are simply ways of strengthening, connecting and managing activities that have been established in the partnership over time. Their focus on effective management, improved performance and greater efficiency is consistent with the objectives and approach of all major RGC reform programmes as well as the aid effectiveness principles that have been agreed internationally and endorsed locally. Focusing on the sector, theme or reform as a whole, all partners and

their resources, both national and external, must be working together under RGC leadership to formulate, implement and monitor activities at the sector or programme level.

The 2010 Aid Effectiveness Report identifies the potential benefits of a PBA. Beyond their potential to promote harmonised procedures and greater efficiency, they offer a flexible approach to address many of the aid management challenges that have been documented in almost every sector and reform programme in Cambodia in recent years:

- Leadership can be mobilised and strengthened around a coherent policy and financing framework.
- Fragmented aid and multiple funding sources and modalities can be managed through a single planning, resource allocation and monitoring process.
- Capacity development and the strengthening of national systems can be achieved through the improved use of technical cooperation focused on sector rather than project objectives.
- Partnership dynamics can be improved, leading to greater efficiency and improved results through the more effective use of coordination and dialogue mechanisms.
- Harmonisation of development partner assistance can be promoted through the establishment of RGC systems and procedures, linking key stages in the programming cycle including planning, programming and monitoring of results.

With a focus on ownership and capacity development, and by working within a common policy framework and workplan, multiple funding sources and modalities can be effectively and efficiently managed to produce the desired results. A PBA in Cambodia is therefore not only about aid delivery practices, it is much more fundamentally about how leadership is developed and how a sector can be organised to manage sector resources and deliver results.

Based on what has been learned since 2006, when the NSDP first set out the programmatic approach to sector development and reform, the following points are perhaps of most importance to the development of PBAs in Cambodia:

- Effective partnership requires strong and skilful Government leadership, working with multiple partners to negotiate targets, mobilise resources and implement programmes. The "Making Partnerships Effective" initiative should be employed to promote effective partnership dynamics.
- Regardless of implementation modality, greater effort should be made to represent all resources in a common budget framework, e.g. the Budget Strategic Plan introduced as part of PFM reform, that can support coherent sector planning, strategic resource allocation and robust joint monitoring of results.
- Implementation and management arrangements must move beyond the level of the project to be progressively harmonised around the use of national systems. Coordinated expert/advisory support must focus on sector-wide systems and capacity (not on project level outputs).
- The core reforms in sub-national democratic development, public financial management and administrative reform imply new ways of organising and managing RGC activity and developing its capacity. These reforms need to be incorporated into the work of the sector and the external programmes that support it.
- The mainstreaming of cross-cutting issues and the engagement and role of civil society organisations needs to be clarified and made operational through the recognition of a multi-stakeholder approach.

V. The PBA process and use of "clinics"

At the beginning of the process it is essential that a common understanding be established between all sector partners about the nature and objectives of the PBA. Each sector or TWG must be able to clarify:

- a) its own starting point, in terms of understanding of PBA applications, their potential advantages and the work involved in moving towards a PBA;
- b) the rationale for the establishment of a PBA, including the partnership and coordination issues that inform the desire to adopt a PBA;
- c) the results expected to be achieved (the ends), as well as the main elements to be strengthened (the means);
- d) the opportunity offered by a PBA to strengthen strategic partnerships (within and outside of Government);
- e) the status of the major RGC reform programmes as they affect the sector and the opportunities they provide (and links with) the PBA.

It is important to view the PBA as a process that builds on foundations already laid. These may include the sector plans already in place, associated reforms (especially PFM), partnership arrangements, results frameworks, capacity initiatives and related advisory support. The minimum requirement for moving towards a PBA should be the existence of a programme (a strategy or medium-term plan) around which leadership and coordination can be mobilised. Over time, each individual element of a PBA may then be strengthened in its own right and the links between them made more coherent. A typical PBA process, for example, often begins with a statement of policy and objectives, identification of capacity needs, and strengthening partnership and coordination arrangements. A comprehensive plan and budget, supported by more coherent institutional arrangements and a monitoring framework then follows in a 'step-by-step' approach (see Annex One).

To assist this process of initial preparation as well as in developing and linking PBA components, CRDB/CDC is preparing to offer RGC Ministries, agencies and their associated TWGs, support to a facilitated exercise that can assist in establishing or developing their PBAs. A joint needs assessment, to be discussed with CRDB/CDC, the lead Ministry, other relevant RGC agencies (e.g. MEF if PFM reform is relevant) and the lead development partner facilitator, will be agreed by the TWG. This will lead to the delivery of a "clinic", which will take the form of a practical action-oriented event that is based on the identified needs of the sector. This may include the following components:

1. Introduction to PBAs – contextualising their use

This exercise will ensure that all PBA or TWG members have a common understanding of the PBA in their sector/theme/reform, its potential uses, associated challenges and the links to wider reform.

- What is meant by a PBA? Definitions and evolution of PBAs
- Objectives of a PBA and their intended benefits
- Sector context (status of the sector and PBA-related challenges)
- Aid effectiveness challenges in the sector and the response to date
- The role of the main RGC reforms and their links to PBAs

2. Effectiveness and results

This component will consider how results-based approaches can be used in a flexible manner to support planning, resourcing and managing for results, including for cross-cutting issues.

- Trends in public sector reform and the link to the MDGs
- The use of results-based approaches in development
- Contrasting views and perspectives on aid – "planning and searching"
- The importance of the policy framework and budget
- Cross-cutting issues and their management in a PBA

3. Partnerships and the PBA

The role of partnerships, across Government and within and between development partners and civil society, is essential to making a PBA efficient and results-focused. This section enables partnership issues to be understood and information on externally-funded programmes to be more effectively managed.

- Identifying the scope of the 'sector' and the key partners
- Options in funding the PBA through external sources
- Potential advantages of different aid modalities
- Use of the ODA Database in planning, programming & coordination
- Alignment and harmonisation through the PBA
- Making partnerships effective

4. Capacity development and the PBA

The importance of capacity development, of individuals, systems and organisations, is an essential part of the PBA. This component intends to review current arrangements for capacity development and consider options for joint approaches that are consistent with major Government reform programmes.

- The importance of the core reforms and national systems
- The role of development partners and technical cooperation
- Joint capacity assessments
- Performance, monitoring and accountability through the PBA policy framework

The format of these "clinics" will be determined based on negotiation between the TWG Chair, development partner facilitators and all other TWG members. "Clinics" can be facilitated either for small groups (for development of ideas and approaches) or for larger groups (mainly aimed at awareness raising and consensus building), or a mix of both using sequenced events. Each "clinic" will conclude with a discussion on next steps to be taken and follow-up actions.

VI. Conclusion

CRDB/CDC is prepared to provide technical advice and practical support to any RGC Ministry, agency or TWG that requires assistance in establishing or developing a programme-based approach. The Partnership and Harmonisation TWG, together with the TWG Network, may be used as a forum to develop the concept of a "PBA clinic" and to support joint learning and sharing of ideas that can benefit all participants in sector programmes and reforms.

By focusing on the use of PBAs, the experience gained will inform the RGC position to be communicated at the Fourth High-level Forum on Aid Effectiveness, which will take place in South Korea in November 2011, and in the development of a new RGC aid management policy framework to be produced early in 2012.

The Principal Stages and Components in a Programme-based Approach (PBA)

