



KINGDOM OF CAMBODIA
Nation Religion King



Project to Support Democratic Development through Decentralization and Deconcentration (PSDD)

a project of the

**National Committee for Management of
Decentralization and Deconcentration Reforms
(NCDD)**

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Abbreviations

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|-----------|---|
| ADMAC | Agriculture Development in Mine-affected Areas of Cambodia (Canada) |
| C/S | Commune Sangkat Council |
| C/SF | Commune Sangkat Fund |
| CAR | Council for Administrative Reform |
| CAU | Contract Administration and MEI Unit (PRDC ExCom) |
| CDP | Commune Development Plan |
| CDPD | Commune Development Planning Database |
| CIP | Commune Investment Plan |
| DDLG | Democratic Development and Local Governance Project (EC-UNDP) |
| DfID | United Kingdom Department for International Development |
| DfGG | Demand for Good Governance Project (World Bank) |
| DFT | District Facilitation Team |
| DIW | District Integration Workshop |
| DOLA | Department of Local Administration |
| DOP | Department of Planning |
| DRD | Department of Rural Development |
| DSA | Daily Subsistence Allowance |
| DWVA | Department of Women's and Veteran's Affairs |
| ExCom | Executive Committee (of M/PRDC) |
| FU | Finance Unit (PRDC ExCom) |
| IFAD | International Fund for Agricultural Development |
| LASED | Land Allocation and Socio-Economic Development Project (World Bank) |
| LAU | Local Administration Unit (PRDC ExCom) |
| M&E | Monitoring and Evaluation |
| M/PRDC | Municipal/Provincial Rural Development Committee |
| MDLF | Multi-Donor Livelihood Facility (supporting NRM&L Program) |
| MEF | Ministry of Economy and Finance |
| MLMUC | Ministry of Land Management, Urban Planning and Construction |
| MoI | Ministry of Interior |
| MoP | Ministry of Planning |
| MRD | Ministry of Rural Development |
| MWVA | Ministry of Women's and Veteran's Affairs |
| NCDD | National Committee for Democratic Development |
| NCDDS | Secretariat of the NCDD |
| NCDDS/PST | Program Support Team of the NCDD Secretariat |
| NCDDS/PT | Policy Team of the NCDD Secretariat |
| NGO | Non-Government Organization |
| NPRS | National Poverty Reduction Strategy |
| NRM&L | Natural Resource Management and Livelihoods Program |
| OWSO | One Window Service Office |
| PFT | Provincial Facilitation Team |
| PID | Project Information Database |
| PIF | Provincial Investment Fund |
| PLG | Partnership for Local Governance |

Abbreviations

| | |
|-------|--|
| PSDD | Project for Support to Democratic Development |
| RGC | Royal Government of Cambodia |
| RILGP | Rural Investment and Local Governance Project (World Bank) |
| RPRP | Rural Poverty Reduction Project (IFAD) |
| RULIP | Rural Livelihood Improvement Project (IFAD) |
| NCD | National Contracts Database |
| Seila | A Khmer language word approximating to “foundation stone” |
| SIDA | Swedish International Development Cooperation Agency |
| STF | Seila Task Force |
| STFS | Seila Task Force Secretariat |
| TOR | Terms of Reference |
| TSO | Technical Support Official |
| TSU | Technical Support Unit (of ExCom) |
| UNCDF | United Nations Capital Development Fund |
| UNDP | United Nations Development Program |

Executive Summary

I. National Context: The forward momentum established by the National Consultation on the Principles of the Draft Organic Law in Sihanoukville in December 2007 carried forward into 2008 with subsequent drafts of the law debated within the National Committee for management of the Decentralization and Deconcentration Reforms (NCDD) and the Council of Ministers before submission to the National Assembly for approval in April 2008. The Law on Administrative Management of the Capital, Province, Municipality, District and Khan was adopted by the National Assembly at the close of their legislative mandate and officially enacted by the King on 24 May 2008. Soon after, the campaign period for the national elections of the fourth National Assembly commenced with the new government sworn in on 25 September. The National Workshop on Formulation of the 2009 NCDD AWPB was successfully organized on 9-10 September with overall allocations from the Royal Government and 15 development partners reaching a level of \$ 82 million. As agreed between the Royal Government and development partners, the formulation of a ten-year national program on democratic development at sub-national level (NPDD) commenced in early September with a target date for completion of a thoroughly debated program document set for June 2009. With the indirect elections of the sub-national councils scheduled for May 2009, in the fourth quarter of 2008 the NCDD prepared a Preliminary Implementation Framework covering the core legislative actions required during the interim period before the national program was expected to commence in 2010. Finally, on the last day of the year, 31 December, the Royal Decree on Establishment of the new National Committee on Democratic Development at Sub-national Level (NCDD) was approved by the Royal Government. With the passage of the Organic Law, agreement on the preliminary regulatory framework to be adopted in 2009, the establishment of the new NCDD and the formulation of a ten-year national program at an advance stage, the stage has been set for another busy and strategic year in the evolution of the D&D reforms in Cambodia.

II. Project Context: Against the 2008 Annual Work Plan and Budget (AWPB) of the Project for Support to Democratic Development through Decentralization and Deconcentration (PSDD), this report summarizes progress during the period January to December 2008. The report is structured in line with the AWPB and provides summary information of progress against the four project outputs, the 49 sub-outputs agreed for 2008, the consultancy plan covering 21 specific studies/consultancies supported technically by PSDD and the status of financial delivery. A summary report of progress against the PSDD Revised Log-frame Indicators is provided in annex 1, summary progress reports on 10 projects technically and financially supported by PSDD are provided in annex 2 and a short analysis on the status of 2007/2008 CS Projects is provided as annex 3. A short summary of major achievements and constraints is provided below.

Output 1: Cambodian-owned sub-national structure agreed and in place that promotes voice, responsiveness, delivery capacity and accountability

1.1 NCDDS Internal Review/Strengthening: Considerable time was devoted to the internal review and strengthening of the NCDDS Program Support Team in the first quarter of the year including review/revision of job descriptions and lines of accountability, the establishment of individual unit work plans and coordination meetings, monthly management meetings and various management tools. The performance of the Administration Unit and the M&E Unit noticeably improved during the year. Overall performance, however, continues to be hampered by the sheer volume of work compared to the number of full-time qualified officials; the “transitional” environment as the Secretariat evolves; and the relatively weak coordination and communication with sub-national authorities.

1.2 Policy Team: In the middle of 2008, a Policy Team was established as a new component of the NCDD Secretariat comprised of three units: a Cooperation and Liaison Unit, a Legal Framework Unit and a Capacity Development/Information Unit. Financial and technical support to the Policy Team was provided through an additional allocation from UNDP of \$ 500,000 over 18 months through PSDD and one ITA Policy Advisor recruited under the EC-UNDP DDLG project.

1.3 Revised TOR for Sub-national Management Structure: The review and revision of the terms of reference for the PRDC, ExCom and ExCom Units and the updating of job descriptions for the 1,800 civil servants managing the D&D reforms at sub-national level were completed, approved and disseminated nationally.

1.4 Evaluation of District Initiative: Mid-way through the third year of implementation, the District Initiative was evaluated by the District Support Team of the Ministry of Interior, a governance expert recruited by DfID and PSDD. The report from the governance expert confirmed the relevance and strategic priority of the District Initiative and recommended that the scope and scale of financial support be considerably increased.

1.5 Commune Committee on Women and Children (CCWC): In collaboration with UNICEF, and despite a late start due to national elections in July, PSDD support was provided to the establishment and initial operations of 1,199 CCWC’s in 18 provinces focusing on social development and advocacy and protection issues within local communities.

1.6 Capacity Development: Against the 2008 NCDD Capacity Development Plan, PSDD assisted the responsible institutions to design curriculum and training materials for over thirty individual training topics which were delivered through thousands of training sessions to over 50,000 trainees of whom over 75% were at sub-national level. As part one of a longer term capacity development study, a situation analysis of current technical assistance arrangements within D&D was completed. As identified in the study, overall work load and an insufficient number of qualified officials continues to result in capacity substitution and diversion from formal capacity development.

Output 2: Systems Developed and Integrated into new National Structures and Systems

2.1 District Planning Guidelines: Draft guidelines for a District Planning Process that incorporates the principles and accountabilities of the Organic Law and integrates with the Commune Planning System were designed through collaboration between the NCDD, an inter-ministerial working group, UNCDF and PSDD. The guidelines are expected to be finalized and applied in 2009 under the authority of the new District Councils.

2.2 CS Budget Execution Study: A comprehensive study of CS Budget Execution was undertaken by an inter-ministerial working group chaired by MEF, advised by a WB-financed consultant and supported by PSDD. The study identified the key constraints to efficient and timely budget execution and provided recommendations to improve performance some of which were adopted and others to be pursued through further consultations in 2009.

2.3 Revision of the CS Project Implementation Manual (PIM): A thorough review and revision to the PIM was conducted during the year involving feedback from all stakeholders across the country and a revised version approved by the NCDD in early January 2009. The PIM provides all relevant information for the CS Fund Project cycle and is likely to be the starting point for the design of a similar manual governing all sub-national projects under the new Councils once in place.

2.4 Safeguards Monitoring System: In collaboration with the World Bank, a new monitoring system was designed and adopted for safeguards related to land acquisition, environment and highland peoples. The system involves targeting of the most vulnerable geographic areas, regional safeguard advisors and contracted NGOs who will assist in monitoring and dissemination activities and public information materials.

Output 3: Investment Funds Delivered through Mechanisms that Promote Accountability and which Enable Debate

3.1 CS Fund: In aggregate, against a total, approved budget of \$ 41 million equivalent, CS Council disbursements reached \$ 22 million, or 55 %, by end-November 2008 with December figures not yet received. A total of 1,540 CS Fund contracts were signed by CS Councils during the year and entered into the project information database. Considerable work was undertaken during the year to ameliorate problems arising from increased prices, failed bidding, collusion and lagging performance on the part of sub-national support structures.

3.2 District and Province Investment Funds: Under the District Initiative and Provincial Investment Fund a combined total of \$ 2.4 million was planned through the District Integration process, incorporated into 24 provincial work plans and 28 district work plans and programmed into 374 sub-projects. As at the end of December, physical achievement at district level reached 90 % with a disbursement rate of 75% and at province level physical achievement was 94 % with a disbursement rate of 87 %. By February 2009, full details on outputs against all 374 projects will be compiled through the National Contracts Data base.

Output 4: Aid Effectiveness Mechanisms in Place

4.1 National Program Design Process Facilitated: Having played a major role in designing the TOR for the National Program Formulation process and assisting the prolonged procurement process, PSDD continued its support for this highly strategic exercise through information sharing, informal dialogue and logistical support.

4.2 Transition to MBPI/PMG Arrangements: The combination of an increased work load, stagnant incentive rates and rising costs due to inflation had a noticeable impact on sub-national performance. Preparatory work for the transition to the RGC sanctioned MBPI/PMG incentive schemes, involving increased incentive rates, was completed in the fourth quarter with draft manuals prepared and awaiting approval in early 2009.

4.3 Joint Audit of 2007 Accounts: The joint audit of 2007 accounts for 6 projects under the NCDD framework was undertaken between July and September with the final report and management letter submitted in November. The procurement process for the joint audit was seriously delayed for the second year in a row and it was agreed in October to: a) tender a two year contract for the 2008 and 2009 accounts; and b) start the procurement process as early as possible.

4.4 Harmonized Technical Assistance: The benefits of harmonized technical assistance continued to be demonstrated with the addition of two World Bank projects, LASED and DfGG/OWSO, and technical advisors from the World Bank and the EC-UNDP joining PSDD within the overall framework managed by the NCDD Secretariat.

Output 5: Monitoring and Evaluation System Strengthened and tracking LFA Indicators

5.1 LFA Indicators: The revised PSDD Logframe was approved at the beginning of the year; a series of studies were designed, contracted and implemented to both establish baselines against the LFA Indicators and measure progress against those baselines already established; results were presented and discussed in public fora; and the first full progress report against the LFA Indicators was produced by the end of the year (see annex 1).

5.2 M&E Advisory Group: As work on the NCDD M&E system increasingly needs to be oriented towards the national program design, PSDD initiated the establishment of an M&E Advisory Group bringing together M&E officers/focal points from agencies supporting D&D.

5.3 NCDD MIS System: Work progressed steadily on the design of an NCDD MIS System involving the adaptation of program software and better classification of national data sets used for planning, analysis and reporting.

6. Project Management Dimensions

Advisory Services: One additional ITA/Program Advisor post was created in September making a total of seven international advisors of whom three were recruited and oriented to their assignments during the reporting period. As regards NTA, 39 advisors were transferred during the year as a result of rotation exercises, 20 advisors resigned and 38 new advisors were recruited making a total of 167 NTA in December of whom 144 were based in the 24 provinces/municipalities, 23 at national level and 20% were women.

PSDD Financial Delivery: Through successive budget revisions, the 2008 PSDD budget of \$ 11.7 million approved in January increased to \$ 13.3 million for the year. Disbursements as of end December reached nearly \$ 12.3 million for a delivery rate of 92%.

PSDD Mid-Term Evaluation: In May 2008, the mid-term evaluation of the PSDD project was undertaken by three consultants all of whom had prior knowledge of Cambodia and the D&D reforms. While noting several areas needing improvement, the MTR confirmed the relevance and strategic setting of the project and recommended that “PSDD donors continue to provide funding in accordance with the project document, and to the extent possible, respond to requests for extra funding and technical assistance from the PSDD project leadership”.

I. Progress by Output of the 2008 PSDD AWPB

The following section provides a summary of progress through 2008 against each of the 49 planned outputs described in the 2008 PSDD AWPB, which itself was structured against the project's revised LFA.

Output 1: Cambodian-owned sub-national structure agreed and in place that promotes voice, responsiveness, delivery capacity and accountability

The objective of Output 1 is to sustain and enhance the operational rigor and viability of existing structures and systems for sub-national development as well as contribute to the design of new structures that will be established through regulations following the adoption of the Organic Law.

1.1 Support to Restructuring and Strengthening of NCDDS, PST and new structures to be established following creation of National Council

The first phase of the internal review of the NCDDS and PST management structures took place between February and April and covered PST management, PST units and advisory services. The review identified strengths and weaknesses in management structures and performance along with offering constraints and suggestions for overall management improvement.

In line with this, a detailed management plan for the PST was drafted. The plan included actions related to: clarifying/strengthening the lines of accountability and supervision; improving internal communications; regular and structured management meetings for each unit and for PST senior management; improving management tools for such aspects as tracking progress against the procurement plan/outputs.

In regard to accountability, a management matrix was developed, identifying responsibilities by both program and specific project functions. This was further elaborated for the PSDD with focal point responsibilities identified for all 49 sub-outputs and 269 related activities including timetables for their implementation.

Monthly PST Unit management meetings began in April. These management meetings were chaired by the Director or a Deputy Director with participation by Unit Chiefs and the senior PSDD advisor. Each meeting agenda included discussion of PST operational issues; follow-up actions assigned to focal points within management as well reports on how issues raised during the previous meeting were resolved. The regular monthly meetings have significantly improved communications within and across units and enhanced efficiency within the overall PST structure.

In regard to personnel management, job descriptions were reviewed, revised and updated for all positions at national and sub-national levels within the government structures. As well, by the end of the year, all vacancies were filled for both PST staff and PSDD advisors. In particular, as a result of these measures, the performance of the M&E and Administration units noticeably improved.

PSDD advisors continue to try and balance their working time between specific tasks requested by the NCDDS management and capacity development through mentoring or coaching. Factors which create an imbalance in this regard include: the fast pace of events and the high volume of overall workload under both the NCDDS and the PSDD Project; the transitional nature of both the reforms and the support mechanisms which require constant adjustment of structures, personnel and workplans; project specific requirements and deadlines; the large number of consultancies, studies and consultations related to either future design or evaluation of performance; and the high volume of drafting required in both English and Khmer with translations both ways. That being said, the capacity development that results from learning by doing and day to day interaction are tangible and due to a wide range of factors the capacity of the NCDD Secretariat after two years of being established and after two years of PSDD support has been significantly enhanced. As capacity development strategies are formulated under the NPDD, it will be important to have a more clear separation of functions that will enable both formal capacity development measures and mentoring on the job while reducing capacity substitution over time.

District Support Team (DST)

During 2008, a District Support Team (DST) was established. This took place following a review and revision of the TOR which had previously been prepared for the District Initiative Working Group within MoI. Upon review of the revised TOR, the Deputy Prime Minister gave his approval for the establishment of the DST within the General Directorate of Local Administration. The DST is mandated to coordinate and facilitate all projects/program components focused on the district, ensuring policy cohesion and direction. All implementation aspects related to district development are left to the NCDDS/PST. During the year, a number of projects or project components (6) fell within the DST mandate (PSDD District Initiative, NRM in D&D, EC/ICC, WB/DfGG-OWSO, WB/LASED and UNCDF/IDLD).

In May, an Inter-Ministerial Technical Advisory Group (TAG) was officially established by the Deputy Prime Minister. The TAG consists of representatives from different Ministries to support and advise the DST on policy matters. PSDD advisors provided training to the DST on project formulation, procurement, project monitoring, evaluation and reporting. During 2008, the project proposal for a “one window service and ombudsman” (OWSO) was finalized with a total budget amount of \$ 3.5 million. This proposal was then submitted to the World Bank in September 2008 for approval. The project was approved in November with a significant cost share by the Government to the amount of \$ 1.2 million.

The DST supported field visits and preparatory work for the UNCDF/IDLD project. The project was signed in May 2008 with a total budget amount of \$2,051,165 allocated over a three-year period (2008-2010). From September 2008, the DST actively participated and coordinated field work for the design of the district/commune planning system working closely with a consultant from UNCDF.

The DST also collaborated with the World Bank/LASED project. This cooperation began in September 2008 and involved support in targeted provinces to prepare workplans and budgets (for the October-December period), land identification and registration along with selection of project beneficiaries. The bulk of this work was

done in close cooperation with Ministry of Land Management. As well, DST initiated cooperation with EC/ICC project to select, prepare and implement inter-commune projects.

1.2 Establishment and Strengthening of the Commune Committee for Women and Children (CCWC)

PSDD financial and human resources contributed to the establishment and initial functioning of the Committees for Women and Children (CCWC) in 1,199 Commune/Sangkats of 18 provinces in 2008. Against the 2007 Anukret calling for the establishment of CCWCs in all communes, a guideline on CCWC functions was developed and approved by the NCDD in early June. While delayed by the national elections in July, a workshop was jointly organized with UNICEF in August attended by 117 participants from all 24 provinces in order to disseminate the guideline, share experience from UNICEF provinces which have supported CCWCs for several years and reach consensus on the work plan and budget for rolling out the CCWCs in the rest of the country. The national workshop was followed by provincial workshops in the 18 provinces attended by 1,085 participants (295 female) to further disseminate the guidelines and agree on the province-specific work plan for CCWC support. Subsequently, all but one province (Kampot) proceeded to conduct district level workshops which had an aggregate attendance of 18,584 participants (6,274 female) consisting of largely CCWC members themselves.

Against the total allocation of \$ 300,000, \$ 240,000 was committed towards individual CCWC grants of \$ 200 each to support the operational requirements of the CCWCs; \$ 40,000 to the 18 provincial ExComs for training, dissemination and monitoring activities; and the balance for printing of 30,100 booklets on the CCWC guideline disseminated in all CS in the country. In order to access grant funds, each CCWC completed the following conditions: formation of the CCWC, establishment of a commitment to the purpose of grant, development of a work plan focused on promotion of social advocacy activities including child protection and other specific needs of women and children, and provision of regular progress reports against core monitoring indicators.

Despite the late start in the year, by end December over 50% of the CCWCs had prepared their work plans; 38% had organized monthly meetings on a regular basis; and coordination meetings across CCWCs at district level had taken place in 25% of the target districts.

Efforts will be made by mid-2009 to carry out a simple internal evaluation of the performance and progress of the CCWCs following 6-9 months of functioning including analysis and recommendations on actions necessary to improve performance.

1.3 Forward looking evaluation of District Initiative and design of initial structures required in 2009 under District Councils

In 2008, the District Initiative (DI) was implemented in 94 districts which represents about half of the total number of districts in the country. The DI is funded by PSDD and the NRM in D&D component of the MDLF-NRM&L program.

In 2008, the DI developed and conducted training based on guidelines of inter-communal project selection in all target districts. The guidelines were developed through a process that aligned three separate activities; the CIP with the inter-commune planning process of EC/ICC along with elements of natural resource management. The training was well received by representatives of communes and districts alike. In particular, there are two features that made use of the guidelines appealing: one is the systematic approach to project selection and the other relates to improved clarity on the roles and functions of districts in facilitating and supporting both the planning and implementation of inter-commune projects.

With technical support from a DfID-financed consultant, the DST conducted a review of the DI in August 2008. In general, the review found that the districts and communes are working well together and identifying and implementing inter-communal projects that respond to community needs. The districts have started to gain experience in planning along with implementation of more sophisticated budget preparation methods. Additionally, the review found a high level of participation/interest by representatives of communes.

The review also revealed a fine balance between the roles of districts and communes working through the DI - with the district playing a facilitating and coordination role while communes retained control of the process for project selection and implementation. These two elements are supported by technical and facilitation skills made available by the province through the ExCom. The review recommended building upon the experience of the DI in developing future guidelines for newly elected District Councils. The output of the review has directly fed into the design of the 2009 District Initiative, the design of the future district/commune planning system and has contributed to the clarification of key issues needing to be resolved with regard to management structures and lines of accountability for the near term future. The final report of the review and the consultant's separate report were widely circulated and discussed at de-briefing meetings with development partners.

1.4 Restructuring and Strengthening of Accountability Working Group at national and provincial levels

While the technical work of redesigning the composition, mandate, TOR and guidelines of the Accountability Working Group mechanism was completed during the year, and the initial meeting of the revised National Accountability Working Group (NAWG) was held in August 2008, formal approval of the revised mechanism by the NCDD was only made in December. The guidelines were introduced to the ExCom Permanent Members at a national meeting immediately after along with the work plan for implementation in 2009. As such, the work of establishing the new committees and support groups in each of the 24 provinces, orientation on the new guidelines, information dissemination to the broader public and training on complaints resolution are all planned for the first quarter of 2009.

1.5 Strengthening Technical Support to C/S Councils

The capacity limitations of the PRDC/ExCom Technical Support Unit (TSU) continue to challenge PSDD to devise new strategies to ensure that technical designs and standards are appropriately maintained. A study commissioned with WB funding in

mid-2007 was designed to review existing arrangements and recommend possible alternative strategies for improving technical support and supervision in the absence of civil servants with qualified engineering skills. The consultant did not complete the assignment due to health reasons and only partial results were achieved. On a more positive note, a full time International Infrastructure Advisor with long experience in Cambodia was recruited by the NCDDS with PSDD assistance under WB RILG funding and commenced work in June.

Several important activities against this output were undertaken during the reporting period, including assisting the Ministry of Rural Development with updating teaching materials and the provision of basic technical training to newly recruited Technical Support Officers (TSOs).

The Annual National Infrastructure Workshop (26-27th November, Kampong Thom Province) was convened by the Ministry of Rural Development. The objectives of the workshop were: 1) strengthen TSO capacity to support C/S Fund infrastructure projects; 2) provide opportunities for TSO to share experiences and knowledge of their works (project studies, inspection, land settlement issues); and 3) discuss and make suggestions to improve performance on several important topical issues (PIM revisions, national pre-qualification of contractors, irrigation structure design and construction, avoidance of construction in the rainy season, Build-and-Maintenance contracts for C/S Fund projects, packaging of similar contracts in remote provinces and ideas on how to assist Project Management Committees to efficiently monitor projects). The workshop was attended by all 24 TSU Chiefs and 22 Infrastructure Advisors (PIA) together with the International and National Infrastructure Advisors. The main highlights of the workshop were presentations by Advisors on key topics (PIM revisions, cost estimations and findings from the study on CIDF projects in Prey Veng and Svay Rieng).

As TSOs have different educational backgrounds, many TSOs were not able to attain a full grasp of the technical material in the group training and as such specific one-on-one, follow up training was provided to the TSOs by the PSDD Provincial Infrastructure Advisors on an ongoing basis. Infrastructure Advisors continue to play a critical role in assisting TSOs with: the pre-qualification of contractors; the compilation and maintenance of lists of standard prices of construction materials, machinery costs and labour rates in local markets; collecting other general and technical project information; editing the standard drawings to suit local conditions; preparing bills of quantities and estimating project costs; preparing prior review documents for projects to be financed by the WB/RILG; supervising the construction works; technical auditing of select C/S infrastructure contracts after completion; and training on basic computer programs and maintaining data bases. The Infrastructure Advisors continue to be a vital resource for the TSU and their assistance is not limited to help with CSF projects but with other infrastructure-related work under the auspices of the Provincial/Municipal ExComs. Finally the revisions of the PIM and the Template Manual, described in different sections of this report, were prepared to take into account capacity limitations and include user-friendly approaches and more efficient use of the technical capacity that is available.

In order for the Technical Support Unit (TSU) in each Province or Municipality to perform their tasks (infrastructure project survey, design and construction supervision) they need to be properly equipped. With additional financing provided by UNDP in the fourth quarter of 2008, the procurement of the equipment necessary

was carried out including Auto-Topographical Survey levels, tripods, Dynamic Cone Penetrometers, Concrete test hammers and hand-held GPS units.

1.6. NCDD Capacity Development Plan

The 2008 NCDD Capacity Development Plan was finalized following a consultative meeting with key stakeholders during January 2008. The Plan includes inputs from a range of development partner projects who also share the costs of financing the Plan. Table 1 below reflects the type of training delivered in 2008, the participants and the support provided against the 2008 NCDD Training Plan.

Table 1: Achievements against the 2008 NCDD Capacity Development Plan

| No | Subjects | Participants | | Supported by |
|--|---|---------------|--------------|--------------|
| | | Total | Female | |
| I. Inside the approved 2008 NCDD Capacity Building Plan | | | | |
| 1 | Training skills | 1,083 | 177 | CCDP2 & PSDD |
| 2 | The correction of civil registration data | 4,066 | 378 | CCDP2 & PSDD |
| 3 | Refresher training on C/S financial system | 1,613 | 228 | PSDD |
| 4 | CIP Refresher | 5,436 | 1,706 | PSDD |
| 5 | Facilitation skill | 73 | 11 | PSDD |
| 6 | Refresher on ICC | 783 | 116 | DDLG |
| 7 | C/S action on child protection | 2,738 | 577 | CCDP2 & PSDD |
| 8 | Making child right a reality | 4,440 | 920 | CCDP2 & PSDD |
| 9 | Population, Reproductive health, Gender, Youth issues | 4,931 | 2,003 | UNFPA |
| 10 | C/S fund project implementation | 1,547 | 310 | PSDD |
| 11 | C/S association establishment | 405 | 34 | DDLG |
| 12 | Selection/implementation procedure of ICC (cross district) | 4,553 | 780 | DDLG |
| 13 | Female C/S councilors forum | 297 | 297 | GTZ |
| 14 | Gender in decentralization | 26 | 5 | CCDP2 |
| 15 | The progressive of D&D in Cambodia | 518 | 37 | PILAC |
| 16 | Lecture for civil servant on concept of D&D | 173 | 35 | GTZ |
| 17 | Lecture: History of D&D, Strategic Framework and OL | 254 | 34 | GTZ |
| 18 | Lecture: Law on C/S Administration and management | 249 | 36 | GTZ |
| 19 | Lecture: Organic Law | 288 | 32 | GTZ |
| 20 | Lecture: The constitution, state institutions and functions | 91 | 18 | GTZ |
| 21 | Lecture for civil servant on C/S good governance | 288 | 32 | GTZ |
| 22 | Lecture for civil society on C/S good governance | 120 | 31 | GTZ |
| 23 | C/S administration management | 60 | 15 | PSDD |
| 24 | Evaluation workshop on DI | 135 | 5 | PSDD |
| 25 | Seminar for high ranking officials | 257 | 32 | PILAC |
| | Subtotal | 34,424 | 7,849 | |

| No | Subjects | Participants | | Supported by |
|--|--|---------------|---------------|--------------|
| | | Total | Female | |
| II. Supplemental to the approved 2008 NCDD Capacity Building Plan | | | | |
| 1 | Guideline on Community Livelihood Fund | 212 | 31 | TSSL |
| 2 | Commune profile training | 309 | 82 | PSDD |
| 3 | Natural Resource management concept | 1177 | 160 | NRML |
| 4 | Refresher training on safeguard policy | 2,254 | 421 | PSDD |
| 5 | Refresher on M&E | 1,238 | 221 | PSDD |
| 6 | The guideline of functioning of CCWC | 19,785 | 2,994 | PSDD/UNICEF |
| 7 | Admin and financial system for DI | 69 | 5 | PSDD |
| 8 | DoLA use of:Internet/Email, office apps, trouble shooting | 15 | 4 | PSDD |
| 9 | LAA meeting | 50 | 10 | PSDD |
| 10 | Review the women and children indicator for CIP | 190 | 22 | UNICEF-SK |
| 11 | C/S action on Education | 50 | 10 | PSDD |
| 12 | Community health improvement | 50 | 10 | PSDD |
| 13 | Project monitoring and project implementation for NRML | 506 | 115 | DANIDA |
| 14 | Workshop on NRML network | 84 | 7 | DANIDA |
| 15 | Operacy | 39 | 11 | PSDD |
| 16 | Orientation on Organic Law & C/S decentralized manage't | 33 | 8 | NCDD |
| 17 | NCDD program orientation | 24 | 4 | NCDD |
| 18 | Power/Function review and RGC power/function d-base | 294 | 38 | GTZ |
| 19 | Human resource management in civil society viz D&D pollicy | 272 | 35 | GTZ |
| 20 | Civil society role and good governance | 210 | 37 | GTZ |
| 21 | Preparation on organic law ToT | 39 | 4 | GTZ |
| Sub-total | | 26,900 | 4,229 | |
| Grand Total | | 61,324 | 12,078 | 20% women |

PSDD advisors play an important role in assisting MoI/DoLA to coordinate the formulation and implementation of the plan including: conducting of sub-national needs assessments, budgeting, scheduling, preparation of training curriculum and materials regardless of funding source, organization of TOT workshops and overall communications.

The PSDD financial contribution to the 2008 NCDD Capacity Development Plan implementation totaled \$ 282,000 of which \$ 62,000 was allocated at the national level and \$ 220,000 at the sub-national level. As nearly all of the training undertaken was by civil servants within the NCDD management structure who are also financially supported by PSDD, the actual contribution from PSDD is substantially higher.

1.7 Process Audit covering assessment of revised C/S Planning Process

The WB-funded study on the C/S Planning Process, originally scheduled for 2008, was postponed to 2009 and will now cover the integrated District and Commune Planning Process which is under design and nearing completion. The study is meant to track the planning exercise in a sample of districts/communes against a set of indicators covering transparency, participation, analysis, project selection, decision making and project planning and decision making. The study should contribute to the determination of a final set of indicators on planning/decision making to be incorporated into the NPDD M&E system in the future.

1.8 Process Audit covering assessment of C/S project implementation

As planned, the TORs for this study were under preparation in 2008 for the study to be conducted in the first half of 2009. The study will make an assessment of the quality of the implementation of C/S Fund projects with regard to a carefully defined set of indicators. Additionally, the study will identify factors in the implementation process that inhibit projects not realizing their objectives. Moreover, the study will give special attention to the relevance and effectiveness of recent improvements made in the Project Implementation Manual (PIM). For this reason the timing of this study will be linked to the actual introduction of these improvements to the PIM. Assuming this will be done late 2008 or very early 2009, the study will allow the NCDD to monitor the implementation process as it actually takes place under the revised guidelines.

1.9 WB/RILGP Governance Framework: Citizens Engagement and Land Use Rights

During the World Bank RILGP Supervisory Mission of 11 – 21 March 2008, it was agreed that the Citizens' Engagement activity under RILGP Additional Financing Grant (total budget \$ 963,000 for 2007-2010) would be applied to a "suite" of consultancies to support an array of Citizens' Engagement activities, not confined only to engagement in the C/S Budgeting processes. Following the decision by the NCDD to establish a Safeguards Monitoring System, to ensure that the C/S Fund guidelines for environmental, land use and highland people safeguards are being properly implemented in about 400 high risk Communes/Sangkats, a supporting program was designed to strengthen awareness of local communities regarding their land user rights as protected by the safeguards to be financed under the Citizen's Engagement component of the RILGP Governance Framework.

Following preparation of the TOR, covering dissemination and awareness raising activities, expressions of interest were invited from Cambodian NGOs familiar with the issues involved. After a first round failed, a second effort was made and eventually a qualified NGO, Buddhism for Development, was identified who agreed to work with the NCDD on the outreach campaign. As such, the campaign is expected to be undertaken in the first half of 2009.

In advance of implementing the RILGP-financed outreach program, the MDLF agreed to a request from the NCDD to provide \$ 59,000 of funding for Public Information Materials for Land User Rights which was used to prepare leaflets and posters on land user rights. Half of the materials produced were immediately disseminated to communities through the existing NCDD channels and half will be disseminated through the larger outreach campaign undertaken by Buddhism for Development.

1.10 Support to Provincial Management Structure

In 2008, the revision of the detailed Terms of Reference of the PRDC Executive Committee and its Units and the detailed Job Descriptions of ExCom Unit Staff were finalized and approved by the NCDD Chairman. The TOR and Job Descriptions had not been revised since 2003 under the previous Seila Program and were updated to reflect the current lines of authority, mandates and tasks. The revised TORs and Job

Descriptions, which govern the work of 1,800 civil servants at sub-national level, were disseminated in August.

A considerable level of training of Executive Committee staff was undertaken during the year as reflected both in section 1.6 above, NCDD Capacity Development Plan, and under section 3.4 below, Ministry and Sub-Committee reports.

Two important constraints were noted during the year which impact on both performance and impact of the ExCom staff. The first relates to the aging inventory at sub-national level with an increasing number of cars, motorcycles and computers having outlived their usefulness. While the overall replacement cost, estimated at \$ 4.5 million, is high efforts were made in 2008 to gradually replace old equipment both through an additional allocation from UNDP through PSDD in the last quarter and through the WB/RILG project. The second constraint relates to the staff incentives which also began to be addressed in the second half of the year through the MBPI/PMG consultancies which is described in section 2.14 below.

As reflected in the financial tables in Section 6 of this report, against the total 2008 PSDD Budget allocation for Provincial Program Support of \$ 3.96 million, delivery reached 99% for the year reflecting, at the very least, an efficiency in the budget execution process.

1.11 Support to Department of Local Administration (DoLA)

DoLA is responsible for variety of C/S, District and Provincial oversight and capacity building activities. These include but are not limited to:

- Developing regulations and operation procedures for the C/S Councils;
- Monitoring activities of the C/S Councils and to intervene if and when necessary;
- Delivering a program of capacity building to the C/S Councils;
- Providing guidance and overall supervision of the District Initiative in 138 districts; and
- Overseeing and coordinating the Provincial Local Administration Units (PLAU).

As the institutional focus for all work undertaken at the commune level, DoLA continuously interacts with a wide range of development partners. DoLA is also directly responsible for implementation of some specific projects such as the ADB's TSSL and CCDP and EC-UNDP's DDLG projects.

The PSDD financial support for MoI/DoLA falls under the budget category of National Ministry Services. In 2008, this budget amounted to \$ 175,000 with disbursement reaching roughly 90% for the year. These funds were used for a wide variety of activities ranging from policy and regulatory aspects, such as the revision of the C/S Project Implementation Manual and guidelines for the District Initiative, to activities related to project outcomes in capacity development, strengthening accountability, facilitating annual planning and programming processes and budget implementation.

Through technical and financial support provided by PSDD, the following list summarizes the main outputs produced by DoLA in 2008:

- Finalization and issuance of the 2008 NCDD Capacity Building Plan;
- Development and issuance of curriculum and supporting materials for the planned training on C/S M&E;
- Finalization and testing of a revised PLAU report format disseminated through training at the annual PLAU workshop in December;
- Review of the roles and responsibilities of C/S M&E Focal Point with PLAU, C/S Councilors, C/S clerks and C/S M&E Focal Points in 26 communes, 3 provinces to identify strengths and weakness. The roles and responsibilities of C/S M&E Focal Point will be revised and disseminated under next year's workplan;
- Review and revision of the Project Implementation Manual (PIM) through a DoLA working group supported by PSDD advisors;
- Conducting of two national surveys on 2007-2008 C/S Project implementation and 2008 C/S Project bidding;
- Issuance of the final draft decision on the National Accountability Working Group (NAWG), the National Support Group (NSG), the Provincial Accountability Working Group (PAWG) and associated guidelines;
- Implementation of Training Need Assessment for preparing the 2009 NCDD Capacity Building Plan in 15 provinces and 58 Communes;
- Decision document on establishment of One Window Service Office and Ombudsman Office at the district level in June 2008;
- Implementation of the District Initiative evaluation in August 2008 which forms the basis for support to the districts in 2009;
- Approval of DST OWSO project proposal in November 2008.
- Presentation of Guideline on District Strategic Planning and Investment Program to relevant ministries and institutions such as NCDD, MOI, MEF, MOP, MRD and MWA.

PSDD-supported activities related to DoLA that were organized and implemented in 2008 include the following:

- Training events conducted in support of Correction of Civil Registration Data TOT on Training Skills and TOT on Conflict Resolution
- Skills development event (four days) conducted on how to use internet/email and general office applications for DoLA officials;
- Five-day training on Operacy was delivered to new DoLA officials;
- Training on C/S Administration Management and Organic Law was delivered to new DoLA officials;
- Training event (ten days) on NCDD Program Orientation delivered to the Policy Team;
- A national workshop bringing together the Local Administration Advisors from 24 provinces was organized for dialogue, clarity and agreement around technical assistance functions and priorities;
- District Support Team (DST) established to coordinate and support programs and projects at district level such as DI, NRML in D&D component, OWSO, UNCDF/IDLD and WB/LASED; and
- Inter-Ministerial Advisory Group (TAG) established to provide policy support to the DST.

Output 2: Systems Developed and Integrated into new National Structures and Systems

The objective of Output 2 is to sustain and enhance the efficiency and effectiveness of existing systems for planning, finance, implementation and personnel management while at the same time contributing to the design and integration of new systems required by the D&D reforms and the national program. New systems require the legal framework enabled by the Organic Law and as such much of the design work lies ahead in 2009 in preparation for new sub-national councils being established and as the national program design takes shape. In 2008, the project continued to focus on: strengthening systems and procedures relating to the commune level, which will continue well into the future; evaluation and adjustment of the district initiative towards the vision of the upcoming district reforms; and continued strengthening of capacities around specific functions at provincial level which will continue to be vital no matter how management arrangements evolve in the future.

PLANNING SYSTEMS

2.1 Support to District Planning and Implementation

PSDD collaborated with UNCDF in the drafting of TORs and identification of a consultant to assist the NCDDES and the Ministry of Planning in the initial design of an integrated district/commune planning system to come into effect in 2009 for 2010 and beyond. In September, an inter-ministerial working group was formed consisting of members drawn from NCDDES, MoI/DST, MoP and MEF assisted by the UNCDF consultant and PSDD advisors. Drawing upon experience generated under six years of commune planning, 3 years of planning under the District Initiative and field investigations with relevant sub-national authorities, the working group prepared a draft district planning guideline consisting of detailed planning steps and proposed responsibilities. The guidelines were presented first to key stakeholders drawn from MoI, MoP, MEF, MWA and MRD and subsequently to development partners for comment and feedback in November. The draft guideline was accepted, in principle, taking into consideration additional work that will be required on the budget preparation process and formats. By the end of December, agreement had been reached with NCDDES, UNCDF and PSDD that UNCDF would field a second phase of work with the same consultant in order to help finalize the sub-decree and guidelines on district planning and begin formulating the provincial planning process.

FINANCE SYSTEMS

2.2 Design, obtain approval and prepare for implementation of a categorical grant for NRM

With technical support from UNCDF in 2007, the initial design of a categorical grant to C/S Councils for NRM allocations was conceptualized. The categorical grant will specify the conditions of access, the specific budgeting and accounting requirements, contracting arrangements for C/S Councils to contract NGOs for services and investments and budget carryover procedures. Early in 2008, discussions were held with the Ministry of Economy and Finance and the National Treasury who provided their support in principle to the categorical grant. The TOR for the next consultancy was prepared and the recruitment and fielding of the consultant to complete work to

fully develop the categorical grant was expected to proceed after the national elections. However, this consultancy was cancelled due to the upcoming changes in sub-national administration along with a change in implementation of MEF procedures, facilitated by PSDD advisors, allowing for NRM categorical grant funds to be recorded on-budget.

2.3 Finalize design, obtain approval and implement first categorical grant for Commune Committee for Women and Children (CCWC)

The categorical grant for the CCWC's was to have been designed based on the precedent set by the NRM categorical grant above. As revisions to MEF procedures allowing for both of these grants to be recorded on budget achieved the overall objective, a specific document was no longer deemed necessary. The grants to the 1,200 CCWCs in 18 provinces were transferred from the NCDD PST account to the PRDC ExComs and then converted into Riels when further transferred to the CS accounts in the Treasury. In 2009, transfers will be made direct from the UNDP PSDD account to the National Treasury similar to the CS Fund transfer and the National Treasury will transfer the funds to the individual CS accounts.

2.4 C/S Budget Execution Study

The C/S Fund Budget Execution Study was implemented over the period February-May 2008 by an inter-ministerial Task Group, led by the Ministry of Economy and Finance (MEF), comprising officials from the National Treasury, MoI, MRD and NCDD and technically supported by an international consultant. Survey instruments and considerable field work was undertaken in the first half of the study which led to summary findings and recommendations validated and finalized through workshops at sub-national and national level. The study identified many of the main causes for low budget execution rates ranging from capacity issues, to procedures and timing of the budget formulation process. The Study also produced a large number of recommendations on how to overcome these and other challenges facing communes. Some of the recommendations have been incorporated into the 2009 CSF Budget Execution cycle including: a reduction from 3 to 1 time authorization of CSF fund transfers; elimination of separate transfers for admin and development; revised annual transfer schedule. Other recommendations have been incorporated into an Action Plan finalized in December 2008 for implementation in 2009.

2.5 Revision of C/S Finance Manual of Procedures

The C/S Budget Execution Study resulted in a list of comprehensive recommendations to be implemented in 2008, 2009 and beyond. As well, the Study provided options that need to be prioritized and incorporated into a time bound work plan. Included in this work are those aspects that require revision to the C/S Financial procedures manual. A draft action plan was created to address the recommendations. As of the end of 2008, the action plan remains in draft form with expectations that continued implementation of the specific steps outlined in the plan will take place in 2009 and beyond.

2.6 Review/design of initial district finance system that is operable in 2009 following establishment of District Councils

While work proceeded on the design of the district planning system, noted above, the corresponding design of the district finance system has been delayed and will not be undertaken until Quarter 1 in 2009. A UNCDF consultant is being fielded in January 2009 to work with the MEF and NCDD on the system design drawing upon earlier work undertaken related to the One Window Service and the District Initiative but with a forward looking perspective within the context of the NPDD. In addition, as the World Bank will begin the design of the RILGP 2 Project which includes a new component on support to the district, it is expected that the World Bank preparation facility will provide considerable inputs to the design of the financial system and procedures at district level.

2.7 Support to Strategic Workplan on Fiscal Decentralization

With assistance from PSDD in the drafting of TOR, liaison with the Independent Procurment Agent (IPA) on recruitment and eventual contracting, a Fiscal Decentralization Advisor (FDA) financed by RILGP was mobilized in May 2008 on a two year assignment working in the Ministry of Economy and Finance. The FDA will focus on support to fiscal decentralization and financial management at the sub-national levels in close cooperation with key officials from MEF and the World Bank on the PFM program and other shorter term consultants. Upon arrival, PSDD assisted the NCDD to provide an initial orientation to the FDA; especially to familiarize him with the current structure of sub-national government, the background of the Strategic Framework for D&D and the Organic Law and the overall NCDD mandate and programs. This included a three day field trip to visit selected Provincial, District and C/S governments.

During his initial six month period, the FDA provided inputs to MEF on the formation of a new fiscal framework to support the provisions of the Organic Law. As well, it is expected that the FDA will provide valuable inputs during 2009 as the new NCDD begins operations, district and provincial councilors are elected and supplementary legislation mandated in the Organic Law is passed.

IMPLEMENTATION SYSTEMS

2.8 Revision of the CS Project Implementation Manual (PIM)

The process of reviewing and revising the detailed guidelines and instructions contained in the CS Project Implementation Manual (PIM), reaching consensus within government and with development partners particularly the World Bank and finalizing the manual for use in 2009 was a major preoccupation and achievement in 2008. PSDD advisors played a significant role in revisions to key sections on procurement and contracting as well as to the drafting of new sections of the manual on for example safeguard measures. The final draft of the PIM was submitted to the World Bank for no objection in November; conditional no objection received soon after; and the document submitted to the NCDD for approval by the end of the year. In preparation for the dissemination and training that will be required in order for the revised procedures to be applied in the 2009 cycle, a national workshop was conducted in mid-December with the ExCom Permanent Members, DoLA Chiefs and

Senior PSDD Advisor from 24 provinces to review the substantive changes and plan for training. The curriculum and materials for the training on the revised PIM were also prepared by the end of the year. As such, in Q1 2009 it is anticipated that formal approval of the PIM will be received from the NCDD and cascade training carried out across the entire country reaching all C/S Councils and roughly 15,000 people.

2.9 Prepare and Commence Production of Technical Manual for C/S Service Projects

Under the direction of DoLA, a working group was formed consisting of DoLA staff, development partner/agency representatives and PSDD advisors to prepare a technical manual for C/S Service projects. This service project manual will compliment the technical manual related to infrastructure projects. The working group met regularly during the year and was complimented by a consultancy under EC-UNDP DDLG that focused on preparing a similar manual for inter-commune service projects. With the crush of priorities and activities, the production of the manual has been delayed but the working group is expected to convene again early in 2009 to prepare a work plan towards completion of the manual in 2009.

2.10 Review and further development of the first edition of the Green Book on Service Delivery

After the official launching and distribution of the Green Book on Service Delivery to all 1,621 C/Ss in 2007, follow up activities have focused on collecting feedback from representatives and ensuring additional contact information for relevant government departments at all administrative levels is included as part of the Green Book. The NCDD/PST issued a letter to the Ministries of Agriculture, Environment, Woman's Affairs, Water Resources, Rural Development, Transport, Land Management, Information and Mines/Energy requesting them to provide relevant contact addresses to be included in the publication. By mid year, up to date contact information along with feedback from all 24 provinces was collected and incorporated into the revised Green Book. As well, sample advertising layouts were prepared and distributed to all interested stakeholders. Finally the Green Book's logo and name was officially registered by the Ministry of Commerce.

The first edition (6,000 copies) of the Green Book on Service Delivery was disseminated to all communes and includes revisions such as a listing of over 200 service providers, standardization of text in Khmer language and contact information for Commune Councils and Government Agencies. In line with the goal of issuance of a sustainable product with minimal production costs, the publication received financial support from sponsor organisations who bought space to advertise their products and services. It is expected by the year 2010; the Green Book will be financially self-sustaining. Throughout the year, PSDD advisors supporting implementation of the MDLF NRM in D&D component played a key role in communications, coordination and financing of the activity.

2.11 Revision of Technical Manual and Templates Program

As with all manuals dating from the *Seila* Program, the *Seila* Technical Manual and Templates Program needed to be reviewed, updated and reissued under NCDD authority. Work on the manual includes all important updates that increased the

coverage of various types of infrastructure which may be financed by the C/S Fund; improved guidance for detailed project designs (especially for irrigation projects); and solutions for technical problems identified in the field both in design and construction supervision.

Aruna Technologies Ltd, an engineering consulting firm, was awarded the contract by the NCDD to conduct the revision with financing from the RILGP. Of particular note is Aruna's proposal to introduce a Project Generator; essentially a computer-based system that the PRDC ExCom TSU can use to manage the project design process and ensure adequate technical support and oversight allowing improved quality control of both design and construction supervision of the projects. To ensure the practical experience is taken into consideration as part of the revision, NCDDS and MRD conducted a work shop in April with 12 Local Administration Unit Chiefs and 12 PSDD Provincial Infrastructure Advisors to collect inputs and feedback from the field regarding the short-comings of the existing manual and templates.

The contract commenced in April 2008 and was originally planned to be completed by end September 2008. However due to an increase in the number of drawings needed for the CSF project and limited availability of quality drawings, the contract was extended. Delivery of the majority of the over 350 templates (drawings), design guidance and specifications was received by year end. Piloting of the Project Generator is expected to be completed by January after which training of staff on use of the system will commence in February with a contract completion date set for March 2009.

2.12 Safeguards Monitoring System

NCDD with PSDD support reviewed and expanded the system to apply, monitor and enforce safeguards in the course of 2008. This system comprises measures related to:

- Environmental aspects of C/S Fund projects, a systematic approach to identify any environmental risks caused by projects and the development of mitigation measures to ensure safeguard compliance.
- Land acquisition for the purpose of C/S Fund projects, especially roads, and arrangements to prevent villagers to hand-over their land for such purposes without their explicit consent and, possibly, with compensation for expropriated land; and
- The involvement of Highland People, and explicit steps needed to ensure that they are fully informed about possible C/S Fund projects to take into account their specific needs.

The draft guidelines were elaborated and expanded for all three safeguard measure found in the PIM. Additionally, NCDD began to inform and train relevant provincial staff on the application of the safeguard procedures. NCDD expects these types of training events will be expanded during 2009, with the addition of three Regional Safeguard Advisers. Two out of the three Advisers were identified and joined the project team in December 2008.

PSDD experienced a delay in the identification and contracting of a planned consultancy for a NGO to assist in environmental monitoring and assessment.

Nonetheless, PSDD expects a contract to be concluded in December 2008, allowing support to the Safeguard Unit in 2009. As well, PSDD experienced some delays in contracting of a NGO that will conduct an outreach campaign to make land users aware of their rights in the context of C/S Funds. Notwithstanding this delay, PSDD expects a contract to be signed by December 2008. As described earlier, DANIDA has supported the issuance of posters and leaflets to be used as part of this campaign.

2.13 Strategy for Infrastructure Maintenance

Although C/S Funds may be used to cover the cost of local infrastructure maintenance, very few C/S allocate funds for maintenance, preferring to build new and/or rehabilitate rural roads (75 % of outputs) and irrigation schemes (20 %). Of particular concern is the long-term sustainability and cost effectiveness of laterite roads and also the maintenance of irrigation schemes (earth embankments and flow control structures). Efforts are now underway to sensitize C/S Councils to the need to protect their infrastructure investments by planning and funding maintenance of the completed project outputs. Arrangements for maintenance planning are being introduced through the ongoing revisions of the Project Implementation Manual and the Technical Manual.

PSDD planned activities in 2008 related to Strategy for Infrastructure Maintenance. These included meetings with PIAs to highlight the issue and then encourage TSOs to design schemes with minimal maintenance requirements and to make commune councils aware of the need to protect earlier civil works projects and review of the problems identified to date in the majority of C/S Fund outputs (rural roads and irrigation projects). Other activities related to enhancing awareness and application of maintenance measures include: a review of the guidelines and experience to date; liaison with Ministry of Rural Development (MRD) and the UK-DfID South East Asia Community Access Program for rural roads; similar consultations with the Ministry of Water Resources and Meteorology (MOWRAM) for irrigation projects and; discussions and recommendations on the contract format and funding arrangements for multi-year construct and maintain contracts. Advice and assistance will then be provided to both Ministries to revise the guidelines, seek approval from relevant Ministries and, finally to disseminated the guidelines through training of the PRDC ExCom Technical Support Units possibly via the PIAs.

The intention is that the guidelines will be applied in mid- to late-2009 to progressively increase the proportion of C/S Fund resources devoted to infrastructure maintenance, as compared to construction or rehabilitation, with the objective of achieving a sustainable balance between investments and recurrent costs.

PERSONNEL MANAGEMENT AND ADMINISTRATION

2.14 Study and Design of NPDD Merit Based Incentive System

In the fourth quarter of the year, a two part consultancy contract was signed with two experienced consultants to:

a) review the merits and weaknesses of the current NCDD incentive scheme, prepare all necessary background analysis, materials and manuals required for compatibility with the RGC Sub-decrees on MBPI/PMG and propose options to the NCDD for introduction of the new incentive scheme in 2009; and

b) assist with the negotiations between NCDD, CAR and development partners on the preferred option and finalize the manuals and work plan for 2009.

The first part of the consultancy was completed by December with draft manuals available and a proposed course of action that was presented to PSDD development partners. The proposal foresees the introduction of the PMG scheme at sub-national level from March 2009 onwards with certain modifications to the sub-decree guidelines during an interim period during which the remaining features would be prepared for full compliance in 2010. At national level, a MBPI scheme would be adopted to be applied to those MoI civil servants within the NCDD Secretariat alongside those non-government contract staff for whom salaries would be paid against a revised salary scale.

As considerable work will be required to prepare for implementation of the revised scheme by March, it is hoped that consensus can be reached in January 2009.

2.15 Procurement: Review and Harmonize NCDD and MEF Procurement Guidelines

The achievement of this output was linked with specific work being undertaken by the Ministry of Agriculture in cooperation with Ministry of Economy and Finance to prepare an implementation manual for the IFAD/RULIP project that harmonized the Standard Operating Procedures (SOP), developed by MEF for IFI projects, with the procurement procedures developed and incorporated into the NCDD Finance and Administration Manual. As the two set of instruments contain important governance and implementation procedures to be applied at sub-national level, reaching consensus between the Ministry of Economy and Finance and NCDD would potentially set a precedent for eventual adoption under the Manual that will need to be developed for the NDPP. A consultant was contracted by IFAD to carry out the work and a draft guideline was prepared which adopted the best practices of the two systems. However, owing to the complications that would arise at sub-national level with some of the proposed changes it was decided by Ministry of Economy and Finance and Ministry of Agriculture to retain the NCDD procedures for the RULIP Project. From the perspective of the NCDD, the outcome from this work was: a) an increased understanding and appreciation by MEF for the NCDD procedures being applied at sub-national level; and b) an agreement that procedural aspects such as this will have to be looked at comprehensively for the NPDD and not through individual projects.

Output 3: Investment Funds Delivered through Mechanisms that Promote Accountability and which Enable Debate

PSDD sub-national investment funds are being channeled through the Treasury system for the contribution to the C/S Fund and through the Provincial Executive Committees for the District Initiative and Provincial Investment Funds. At national level, investments are channeled to cooperating Ministries and NCDD Sub-Committees through the NCDD/PST. Owing to late receipt of donor fund transfers in 2008, and the disruption due to the national election, implementation of the district and province investments in the first half of the year was delayed. The second half of the year was far more productive, however, and disbursement rates reached satisfactory levels for the year. Owing to the discretionary nature of the PSDD investment funds, there is a wide variation in the activities, outputs, sub-sectors and sectors being financed. Details are maintained in data bases received regularly with quarterly progress reports. The final analysis of outputs achieved in 2008 will be available in early February 2009. At national level, for the second year in a row, coordination with cooperating Ministries was weak owing in large part to excessive work load and the relative shortage of qualified officials in the NCDD Secretariat who can coordinate effectively with other Ministries. The NCDD sub-committees foreseen at the beginning of the year did not become functional and by the end of the year became redundant with the new mandate and structure of the NCDD. Despite these constraints, several Ministries carried out important work related to their mandates and national supervision activities did proceed.

3.1 Comprehensive Support to C/S Fund Implementation

2008 C/S Fund Resources: The table below reflects the allocation of 2008 C/S Fund Resources and the source of funds in comparison to 2007.

Table 2: C/S Fund Resources in 2008 (US \$ equivalent)

| Budget Category | 2007 | 2008 | Increase % |
|--------------------------|-------------------|-------------------|------------|
| Administration Component | 7,239,837 | 8,107,709 | 12% |
| Development Component | 14,479,675 | 14,861,427 | 3% |
| Total | 21,721,519 | 22,971,144 | 6% |
| Funded By: | | | |
| Domestic Revenues | 15,221,519 | 15,471,144 | 2% |
| World Bank - RILGP | 6,000,000 | 7,000,000 | 17% |
| UNDP/DFID/SIDA | 500,000 | 500,000 | 0% |

2008 C/S Fund Transfers: Against the overall allocation, the PSDD finance system advisor assisted with the preparation of the annual transfer schedule detailing the monthly amounts to be transferred by source and by component. As reflected in Table 3 on the following page, transfers commenced in February and were completed by December reflecting the ongoing commitment by the RGC to the CS Fund. The table also reflects the running total on percentage transferred through the year and as can be seen the milestone of 50%, which often triggers contract implementation by contractors who want to avoid excessive delays in payment, was only reached in July. Until such time as transfers can reach at least 50% by March/April, during the dry

season, the problem of undisbursed funds at year end and carry over contracts to the following year will continue. Nevertheless, RGC performance with regard to CS Fund transfers remains very positive.

Table 3: C/S Fund Transfers in 2008 (Cambodian Riels)

| Month | Planned | Actual | Running Total % |
|--------------|-----------------------|-----------------------|-----------------|
| January | | | |
| February | 9,302,500,000 | 1,170,874,000 | 1% |
| March | 9,302,500,000 | 16,504,533,400 | 19% |
| April | 9,302,500,000 | 3,283,622,000 | 23% |
| May | 9,302,500,000 | 9,302,500,000 | 33% |
| June | 9,302,500,000 | 7,613,236,600 | 41% |
| July | 9,302,500,000 | 9,166,809,800 | 51% |
| August | 9,302,500,000 | 11,632,031,742 | 63% |
| September | 9,302,500,000 | 14,072,986,370 | 78% |
| October | 9,302,500,000 | 3,283,622,000 | 82% |
| November | 7,660,689,000 | 3,283,622,000 | 85% |
| December | 1,641,811,000 | 13,711,162,088 | 100% |
| Total | 93,025,000,000 | 93,025,000,000 | |

2008 C/S Project Prior Review Process: Under the WB/RILG, a prior review of the first commune project in each of the beneficiary provinces is carried out in the first part of the year to ensure and reinforce the procurement procedures outlined in the PIM. Subject to a satisfactory prior review, the rest of the commune projects in the province can then proceed with bidding. With an expansion of RILG coverage from 14 provinces to 23 provinces in 2008, this includes virtually the entire country. The prior review involves four packages including the update of the pre-qualified contractor's list; the advertisement or tender for works; the report of the bidding meeting; and finally the signed contract. The first three packages require no objection letters from the World Bank involving a great deal of documentation, translation into English, communication to Phnom Penh to the Bank and back. Prior review performance in 2008 was problematic as in many cases documents were not fully checked at province and national level. In a few cases the contracts were rejected by the Bank and the governors instructed by NCDDS to blacklist the contractors who displayed clear evidence of collusion. The process continues to take longer than necessary holding up the overall C/S Fund bidding process. With the arrival of the ITA Infrastructure Advisor it is fully expected that more attention will be given to the prior review for 2009 and performance is expected to improve.

Status of C/S Project Implementation: The global inflation triggered by increased oil prices proved to have a major impact on C/S Project implementation as material costs increased dramatically between October 2007 and March 2008. A survey was undertaken on the status of all 2007 and 2008 C/S Fund projects in early June and a summary of the results are provided in **Annex 3** of the report. Of particular concern are the 200 projects under the 2007 C/S Fund (11% of the total) which have been abandoned and the relatively low number of 2008 C/S Fund projects that have been successfully bid as of end June 2008. The information in Annex 3 provides more details on the underlying reasons for contractors abandoning projects as well as the

reasons behind failed bidding meetings. Following the survey and several internal meetings, the NCDD/PST has written to all Governors and ExComs with instructions on how to proceed including further updating of the standard materials price list, the recalculation of estimated project costs and the scheduling of new bidding meetings for C/S Fund projects. This issue will be followed up closely throughout the rest of the year.

2008 CS Fund Disbursement

At the time of finalizing this report, information received by PSDD from National Treasury on the 2008 CS Fund had only been completed up to end November. As reflected below in Table 4: 2008 CS Fund Disbursement, the aggregate budget for CS Councils in 2008 amounted to over \$ 40 million (in Riels equivalent). This included the funds carried over from 2007 as well as those funds under the category of Targeted Commune Funds which pass through the CS accounts. The 2008 CS Fund represented only 56% of the total. Against the total approved budget, 97% was received as revenue (with the balance likely being from donor projects). Total disbursement reached nearly \$ 22 million for the year representing 55% of the total revenue. It is interesting to note that CS Fund disbursement within the calendar year 2008 from all sources was nearly equivalent to the value of the 2008 CS Fund allocation.

Table 4: 2008 CS Fund Disbursement

| Category | Amount (Riels) | Amount (US \$) |
|-------------------|-----------------------|-----------------------|
| Approved Budget | 166,588,848,332 | 41,133,049 |
| Actual Revenue | 161,086,025,050 | 39,774,327 |
| Disbursement | 88,680,783,163 | 21,896,490 |
| Balance | 63,617,997,902 | 15,708,148 |
| Percent Disbursed | 55% | 55% |

2008 CS Fund Project Outputs

On the following two pages, the outputs achieved under 2007 and 2008 CS Fund Projects are presented by output type. Information is drawn from the CS Project Information Data Base updated as of December 2008. Implementation of CS Projects extends across budget years with as many as 50% of all projects signed in one year being completed in the following year. As such, the information presented in the following tables is for two years, 2007 and 2008.

Table 5: Summary of CS Fund Investment Outputs

| Output Category | Unit | 2007 | 2008 | Total |
|---|--------------|--------------|--------------|--------|
| Total Valid Contracts | | 1,859 | 1,540 | |
| Agriculture | | | | |
| Construct/rehabilitate salt dam or dikes protection | Km | 0 | 0.88 | 0.88 |
| Community Water Resource management | | | | |
| Natural lake rehabilitation | Place | 0 | 1 | 1 |
| Domestic Sanitation | | | | |
| Latrines (general) | Latrine room | - | 5 | 5 |
| Foul water sewer | Line | 2 | - | 2 |
| Pour flush latrine with double waste tank system | Latrine room | 2 | - | 2 |
| Education | | | | |
| Brick school (general) | School room | 11 | 3 | 14 |
| Brick school with tile roof | School room | 28 | 15 | 43 |
| School furniture | School room | 29 | 6 | 35 |
| Wooden school (general) | School room | 20 | 5 | 25 |
| Wooden school with tile roof, concrete floor | School room | 3 | 2 | 5 |
| Wooden school with tile roof, earth floor | School room | - | 2 | 2 |
| Irrigation | | | | |
| Canal | Km | 272.75 | 163.67 | 436.41 |
| Concrete spillway | Place | - | 1 | 1 |
| Concrete weir with gates | Place | 1 | 1 | 2 |
| Double pipe culvert | Place | 3 | 10 | 13 |
| Double cell box culvert | Place | 1 | - | 1 |
| Double cell box culvert with gate | Place | 3 | 2 | 5 |
| Double pipe culvert with gate | Place | 5 | 3 | 8 |
| Drain pipe for flood water | Line | 7 | - | 7 |
| Drift | Place | 2 | 1 | 3 |
| Earth dam | Km | 38.69 | 26.39 | 65.07 |
| Irrigation reservoir | place | - | 2 | 2 |
| Fixed water pump | Pump | 2 | - | 2 |
| Mobile water pump | Pump | 8 | 4 | 12 |
| River bank protection | Place | - | 1 | 1 |
| Pumping station | Place | 1 | - | 1 |
| River bank protection Groyne (Wood) | Place | 1 | - | 1 |
| Single cell box culvert | Place | 2 | - | 2 |
| Single cell box culvert with gate | Place | 18 | 8 | 26 |
| Single pipe culvert | Place | 50 | 24 | 74 |
| Single pipe Culvert with gate | Place | 88 | 46 | 134 |
| Small water gate | Place | 8 | 3 | 11 |
| Triple pipe culvert with gate | Place | 2 | - | 2 |

Table 5: Summary of CS Fund Investment Outputs

| Output Category | Unit | 2007 | 2008 | Total |
|---|--------|-----------|----------|-----------|
| Rural Domestic Water Supplies | | | | |
| Drilled well with Afridev pump | Place | 29 | 4 | 33 |
| Drilled well with Tara pump | Place | 11 | - | 11 |
| Drilled well with VN no 6 pump | Place | 27 | 8 | 35 |
| Irrigation reservoir | Place | 1 | - | 1 |
| Piped water supplies | Houses | 1 | 1 | 2 |
| Pond with no filter | Place | 37 | 22 | 59 |
| Ring well | Place | 81 | 46 | 127 |
| Rural Drainage and Flood Protection | | | | |
| Canal | Km | 1.58 | 1.46 | 3.05 |
| Drain pipe for flood water | Line | 3 | 3 | 6 |
| Drainage | Line | 5 | 6.55 | 11.55 |
| Earth dam | Km | - | 0.55 | 0.55 |
| River bank protection Groyne (Wood) | Place | 1 | 1 | 2 |
| Rural Transport | | | | |
| Bitumen road | Km | 0.45 | 0.25 | 0.70 |
| Boat landing place | Place | 1 | 1 | 2 |
| Box culvert (general) | Place | 6 | 1 | 7 |
| Concrete bridge (general) | Place | 15 | 7 | 22 |
| Concrete bridge with piers | Place | 1 | - | 1 |
| Concrete bridge, single span | Place | 1 | 2 | 3 |
| Concrete road | Km | 1.77 | 0.95 | 2.72 |
| Double pipe culvert | Place | 159 | 128 | 287 |
| Double cell box culvert | Place | 26 | 11 | 37 |
| Drain pipe for flood water | Line | 4 | 10 | 14 |
| Drift | Place | 2 | 1 | 3 |
| Earth road | Km | 5,524.42 | 2,574.40 | 8,098.82 |
| Gravel road | Km | 254.42 | 171.97 | 426.40 |
| Inland waterway | Km | 0.80 | - | 0.80 |
| Laterite road | Km | 10,383.58 | 3,416.33 | 13,799.90 |
| Pipe culvert (general) | Place | 10 | 11 | 21 |
| Single cell box culvert | Place | 27 | 18 | 45 |
| Single pipe culvert | Place | 1,246 | 988 | 2,234 |
| Triple cell box culvert | Place | 11 | 6 | 17 |
| Triple pipe culvert | Place | 24 | 20 | 44 |
| Width restriction posts | Place | 54 | 27 | 81 |
| Wood bridge (general) | Place | 22 | 5 | 27 |
| Wood bridge, 15 tonne standard | Place | 2 | - | 2 |
| Wood bridge, 5 tonne standard, concrete abutments | Place | 13 | 3 | 16 |
| Wood bridge, 5 tonne standard, wood abutments | Place | - | 3 | 3 |

Table 5: Summary of CS Fund Investment Outputs

| Output Category | Unit | 2007 | 2008 | Total |
|--|----------|--------|------|--------|
| Social Interventions | | | | |
| Community buildings | Building | 1 | 1 | 2 |
| Urban Domestic Water Supplies | | | | |
| Ponds (general) | Place | - | 1 | 1 |
| Urban Drainage and Flood Protection | | | | |
| Drain pipe for flood water | Line | 25 | 15 | 40 |
| Drainage | Line | 577 | 9 | 586 |
| Foul water sewer | Line | - | 3 | 3 |
| Single pipe culvert | Place | 3 | - | 3 |
| Urban transport | | | | |
| Bitumen road | Km | 1.11 | 1.02 | 2.13 |
| Concrete road | Km | 494.47 | 7.90 | 502.37 |
| Drain pipe for flood water | Line | 46 | 27 | 73 |
| Earth road | Km | 2.26 | 1.25 | 3.51 |
| Gravel road | Km | 1.63 | 1.04 | 2.67 |
| Laterite road | Km | 15.22 | 5.02 | 20.24 |
| Pipe culvert (general) | Place | 2 | 1 | 3 |
| Single pipe culvert | Place | 3 | 1 | 4 |

3.2 Comprehensive Support to District Initiative (DI)

The DI targeted 94 districts in 2008. Of these target districts, PSDD supported 28 districts located in 14 provinces, two per province, and the NRM in D&D component supported 66 districts in 10 provinces. Under PSDD support, each district received an allocation of \$ 12,500 while each district under the NRM in D&D received \$ 30,000. In total, the budgeted amount of \$ 2,330,000 (which includes costs for general administration and capacity building) was allocated to target districts in 2008.

Following a planning process managed by the District Committee, on which the Commune Councilors have a majority role, the total resources were programmed by the 94 districts into a total of 495 projects valued at \$ 2,091,175. These include 124 infrastructure and 371 service projects with total budgets of \$ 1,209,557 (58 % of total funds) and \$ 881,617 (42 % of total funds) respectively. As reflected in the attached Table 6: 2008 District Initiative Implementation Status, as at the end of November physical progress had reached 63% for infrastructure and 90 % for service projects. In terms of overall disbursement for the PSDD funded Districts, a delivery rate of 75% was achieved by end December. The majority of the funds un-disbursed are for final payments and retention costs for infrastructure projects to be paid in early 2009 and as such the completion rate is considerably higher than 75%. Given the delays caused by slower than expected fund transfers to the provinces, the parliamentary elections and difficulties caused by inflation, this is considered a very satisfactory performance in delivery terms.

Table 6: 2008 District Initiative Implementation Status (as of November 2008)

| No | Province/ Municipality | Projects | | | Budgets | | | Implement Status | |
|----|---------------------------|------------|------------|------------|--------------------|------------------|--------------------|------------------|------------|
| | | Infra | Services | Total | Infrastructure | Services | Total | Infra | Services |
| 1 | Phnom Penh | 2 | 3 | 5 | 15,720 | 6,700 | 22,420 | 100% | 100% |
| 2 | Kandal | 2 | 11 | 13 | 16,000 | 5,236 | 21,236 | 100% | 100% |
| 3 | Kampong Cham | 17 | 43 | 60 | 240,738 | 106,028 | 346,766 | 12% | 81% |
| 4 | Battambang | 3 | 9 | 12 | 31,768 | 5,088 | 36,856 | 100% | 100% |
| 5 | Prey Veng | 4 | 8 | 12 | 28,064 | 6,971 | 35,035 | 50% | 65% |
| 6 | Siem Reap | 30 | 33 | 63 | 181,818 | 80,113 | 261,931 | 22% | 67% |
| 7 | Kampong Thom | 1 | 6 | 7 | 3,219 | 16,948 | 20,167 | 0% | 83% |
| 8 | Takeo | 3 | 12 | 15 | 14,638 | 5,815 | 20,452 | 100% | 100% |
| 9 | Svay Rieng | 2 | 13 | 15 | 15,372 | 6,750 | 22,122 | 100% | 100% |
| 10 | Pursat | 9 | 28 | 37 | 109,735 | 54,151 | 163,886 | 36% | 95% |
| 11 | Kampong Chhnang | 2 | 20 | 22 | 16,437 | 5,245 | 21,682 | 15% | 100% |
| 12 | Kampong Speu | 6 | 31 | 37 | 101,950 | 87,050 | 189,000 | 83% | 96% |
| 13 | Kampot | 2 | 6 | 8 | 15,883 | 6,393 | 22,275 | 45% | 96% |
| 14 | Sihanouk Ville | 2 | 13 | 15 | 20,251 | 61,683 | 81,934 | 75% | 100% |
| 15 | Koh Kong | 6 | 16 | 22 | 127,491 | 29,078 | 156,569 | 63% | 89% |
| 16 | Preah Vihear | 2 | 4 | 6 | 16,713 | 5,200 | 21,913 | 0% | 50% |
| 17 | Kratie | 10 | 30 | 40 | 79,249 | 60,028 | 139,277 | 0% | 46% |
| 18 | Rattanakiri | 4 | 19 | 23 | 40,400 | 192,932 | 233,332 | 0% | 61% |
| 19 | Mondulkiri | 2 | 7 | 9 | 30,905 | 102,359 | 133,264 | 0% | 44% |
| 20 | Banteay Meanchey | 2 | 17 | 19 | 17,161 | 5,546 | 22,707 | 75% | 100% |
| 21 | Steung Treng | 2 | 8 | 10 | 16,789 | 5,626 | 22,415 | 15% | 80% |
| 22 | Kep | 7 | 13 | 20 | 36,289 | 14,653 | 50,941 | 24% | 63% |
| 23 | Pailin | 2 | 10 | 12 | 16,537 | 5,963 | 22,500 | 100% | 100% |
| 24 | Odar Meanchey | 2 | 11 | 13 | 16,432 | 6,063 | 22,495 | 75% | 93% |
| | Grand Total | 124 | 371 | 495 | \$1,209,558 | \$881,617 | \$2,091,175 | 63% | 90% |

Table 7: Status of PSDD Investment Contracts at Province and District Level (end December 2008)

| No. | Province | Provincial Investment Fund | | | | District Initiative | | | | Combined Investment | | | |
|--------------|------------------|----------------------------|------------------|------------------|-------------------|---------------------|----------------|-----------------|-------------------|---------------------|------------------|------------------|-------------------|
| | | Total Contracts | Total Value | Total Disbursed | Percent Disbursed | Total Contracts | Total Value | Total Disbursed | Percent Disbursed | Total Contracts | Total Value | Total Disbursed | Percent Disbursed |
| 1 | Banteay Meanchey | 12 | 88,449 | 86,904 | 98% | 2 | 28,059 | 21,264 | 76% | 14 | 116,508 | 108,168 | 93% |
| 2 | Battambang | 14 | 108,625 | 104,648 | 96% | 2 | 34,315 | 30,572 | 89% | 16 | 142,940 | 135,220 | 95% |
| 3 | Kampong Cham | 7 | 185,900 | 144,613 | 78% | | | | | 7 | 185,900 | 144,613 | 78% |
| 4 | Kampong Chhnang | 11 | 71,587 | 68,121 | 95% | 2 | 40,396 | 24,786 | 61% | 13 | 111,983 | 92,907 | 83% |
| 5 | Kampong Speu | 4 | 79,767 | 75,119 | 94% | | | | | 4 | 79,767 | 75,119 | 94% |
| 6 | Kampong Thom | 11 | 82,816 | 51,549 | 62% | 2 | 25,000 | 19,981 | 80% | 13 | 107,816 | 71,530 | 66% |
| 7 | Kampot | 9 | 100,150 | 55,119 | 55% | 2 | 28,129 | 24,306 | 86% | 11 | 128,279 | 79,425 | 62% |
| 8 | Kandal | 11 | 153,785 | 142,585 | 93% | 2 | 25,000 | 19,080 | 76% | 13 | 178,785 | 161,665 | 90% |
| 9 | Koh kong | 6 | 47,150 | 41,318 | 88% | | | | | 6 | 47,150 | 41,318 | 88% |
| 10 | Kratie | 7 | 77,386 | 52,126 | 67% | | | | | 7 | 77,386 | 52,126 | 67% |
| 11 | Mondulkiri | 4 | 39,215 | 36,646 | 93% | | | | | 4 | 39,215 | 36,646 | 93% |
| 12 | Phnom Penh | 7 | 131,600 | 121,602 | 92% | 2 | 28,150 | 23,964 | 85% | 9 | 159,750 | 145,566 | 91% |
| 13 | Preah Vihear | 6 | 49,072 | 44,150 | 90% | 2 | 28,253 | 19,902 | 70% | 8 | 77,325 | 64,052 | 83% |
| 14 | Prey veng | 8 | 162,692 | 132,314 | 81% | 2 | 33,857 | 17,940 | 53% | 10 | 196,549 | 150,254 | 76% |
| 15 | Pursat | 10 | 64,500 | 60,704 | 94% | | | | | 10 | 64,500 | 60,704 | 94% |
| 16 | Rattanakiri | 7 | 46,675 | 45,473 | 97% | | | | | 7 | 46,675 | 45,473 | 97% |
| 17 | Siem Reap | 12 | 114,128 | 113,559 | 100% | | | | | 12 | 114,128 | 113,559 | 100% |
| 18 | Sihanuk Ville | 8 | 47,083 | 37,900 | 80% | | | | | 8 | 47,083 | 37,900 | 80% |
| 19 | Stung Treng | 6 | 37,470 | 35,701 | 95% | 2 | 28,208 | 13,628 | 48% | 8 | 65,678 | 49,330 | 75% |
| 20 | Svay Rieng | 12 | 80,732 | 75,239 | 93% | 2 | 28,032 | 23,951 | 85% | 14 | 108,764 | 99,191 | 91% |
| 21 | Takeo | 12 | 105,803 | 99,743 | 94% | 2 | 31,001 | 26,908 | 87% | 14 | 136,803 | 126,651 | 93% |
| 22 | Odar Meanchey | 6 | 40,295 | 38,717 | 96% | 2 | 31,221 | 23,343 | 75% | 8 | 71,516 | 62,060 | 87% |
| 23 | Kep | 7 | 36,542 | 30,464 | 83% | | | | | 7 | 36,542 | 30,464 | 83% |
| 24 | Pailin | 8 | 37,020 | 35,678 | 96% | 2 | 33,885 | 30,053 | 89% | 10 | 70,905 | 65,731 | 93% |
| Total | | 205 | 1,988,443 | 1,729,996 | 87% | 28 | 423,505 | 319,679 | 75% | 233 | 2,411,949 | 2,049,675 | 85% |

3.3 Comprehensive Support to Provincial Investment Fund

The Provincial Investment Fund is allocated to all Provinces and Municipalities according to a population based formula. Part of the fund is earmarked for support to planning activities of the Provincial / Municipal Department of Planning; and to gender mainstreaming activities of the Provincial Department of Women's Affairs. The remaining funds are allocated by PRDC to sectoral technical departments against established criteria and in response to proposals with prioritisation taking into account: priorities formulated by the C/S Councils and aggregated by District into District Priority Activities Matrices (DPAM); alignment with national planning and poverty alleviation criteria, complementarity with other planned activities; and performance of the Department concerned in implementation of activities in previous years.

As reflected in Table 7: Status of PSDD Investment Contracts at Province and District Level on the previous page, as of end of the year, a total of 205 contracts had been signed with cooperating line departments in the 24 provinces and against the nearly \$ 2 million in commitments, including 2007 carryover, \$ 1.73 million, or 87%, had been disbursed. Given the late start to implementation and the disruption due to the elections, the level of disbursement is considered satisfactory. Detailed information on individual contracts with outputs and beneficiaries is stored in the National Contracts Data Base and an analytical report will be available by February 2009.

3.4 NCDD Sub-Committees and National Ministry/Institution Services

As noted in the 2008 PSDD AWPB, programming meetings on the allocation of both PSDD and UNICEF funds to National Ministries and NCDD Sub-Committees were organized in February 2008. At these meetings, the breakdown of resources allocated to NCDD Sub-Committees, for activities related to their respective TORs, and to National Ministries, for activities related to their respective mandates, were discussed. It was agreed at the meeting that the lead Ministry for each of the Sub-Committees would be responsible for contract preparation, implementation and financial accounting/reporting. It was also agreed that in the case of the Ministries of Interior, Economy and Finance, and Planning, who received allocations both as lead Ministry on the Sub-Committee and in respect to their institutional mandate, one contract would be prepared with a breakdown in activities and budgets. All 2008 contracts were prepared, appraised and eventually approved early in the year.

Table 8 on the following page reflects the final 2008 budget status for the 11 contracts signed with national ministries/institutions. As noted, disbursement reached 82 % by year end.

Table 8: National Ministry Contracts

| No. | Ministry/Institution | Budget | Disbursed | Balance | Delivery |
|------------|---------------------------------|------------------|------------------|-----------------|-----------------|
| 1 | Interior | 175,000 | 173,837 | 1,163 | 99% |
| 2 | Planning | 70,000 | 69,702 | 298 | 77% |
| 3 | Agriculture | 20,000 | 15,383 | 4,617 | 64% |
| 4 | Rural Development | 50,000 | 29,459 | 20,541 | 42% |
| 5 | Social Affairs | 20,000 | 16,812 | 3,188 | 72% |
| 6 | Women's Affairs | 50,000 | 27,941 | 22,059 | 44% |
| 7 | Land Management | 10,000 | 8,820 | 1,180 | 60% |
| 8 | Economy and Finance | 40,000 | 17,561 | 22,439 | 23% |
| 9 | Council of Admin Reform | 25,000 | 15,850 | 9,150 | 28% |
| 10 | National Audit Authority | 15,000 | 14,502 | 498 | 86% |
| 11 | State Secretariat/Civil Service | 25,000 | 18,265 | 6,735 | 32% |
| | Grand Total | \$500,000 | \$408,132 | \$91,868 | 82% |

Table 9 on the following pages reflects a summary of achievements against each of the 11 contracts noted above.

3.5 PSDD Support to Other Investment Funds

PSDD harmonized support to sub-national governance and technical capacity has a direct or indirect role in facilitating efficient and effective implementation of all sub-national investments in the NCDD AWPB. In 2008 there were 13 projects in addition to the RGC C/S Fund that receive direct support from PSDD primarily in the form of technical and financial support to the ExCom units which are engaged in execution of these projects. There are an additional four projects which do not utilize the services of the ExCom but work closely with the Provincial Local Administration Units for which PSDD provides indirect support.

As PSDD technical and financial support is, by design, integral to the effective implementation of these projects, summary information on 2008 implementation progress for ten projects is provided in Annex 2 of the report.

Table 9: Progress of Ministry Contracts as of November 2008

| No. | Contract | Planned Outputs | Actual Progress |
|-----|----------------------|---|---|
| 1 | Ministry of Interior | <ul style="list-style-type: none"> • Output 1 : DoLA operational support • Output 2 : Training and capacity building on planning in D&D • Output 3: Support to C/S Fund Accountability Working Group • Output 4: Support to monitoring activities and policy/guidelines review/formulation • Output 5: District Initiative Program Support | <ul style="list-style-type: none"> • 2008 NCDD Capacity Building Plan finalized and approved by the NCDD Chairman; • Three national trainings were completed, 1) the Correction of Civil Registration Data TOT on Training Skills; 2) TOT on Conflict Resolution, and 3) finalization of curriculum and materials for the planned training on C/S monitoring and evaluation; • A four-day training event on how to use internet/email and general office applications for trouble shooting was delivered to DoLA officials; • A five-day training on Operacy was delivered to new DoLA officials; • A two-day training event on C/S Administration Management and the Organic Law was delivered to new DoLA officials; • Eleven-day training event on NCDD Program Orientation delivered to the PST Policy Team; • PLAU report format was tested and finalized for implementation. The final version of the report was submitted to Minister of MoI for approval. The training on PLAU report format will be delivered to PLAU staff (2 PLAU staff per province) in December 2008; • The roles and responsibilities of C/S M&E Focal Point were reviewed with PLAU, C/S Councilors, C/S clerks and C/S M&E Focal Points in 26 communes, 3 provinces to identify the strengths and weakness. The roles and responsibilities of C/S M&E Focal Point will be revised and disseminated for next year's workplan; • The Project Implementation Manual (PIM) was thoroughly reviewed and revised through a DoLA working group supported by PSDD advisors. Additionally, contributions to the PIM came from the Ministry of Economy and Finance, Tax Department and National Treasury. The revised PIM was submitted to government institutions and the World Bank for a final review. The revised PIM will be submitted to NCDD for approval in December and followed by national training program on the revisions; • Monitoring visits and surveys on 2007 C/S Project implementation and 2008 C/S Project bidding were carried out; • A national workshop that together the Local Administration Advisors from 24 provinces was organized by DoLA for dialogue, clarity and agreement around technical assistance functions and priorities; |

| No. | Contract | Planned Outputs | Actual Progress |
|-----|---|--|--|
| | Ministry of Interior (cont) | | <ul style="list-style-type: none"> • The final draft decision on the National Accountability Working Group (NAWG), the National Support Group (NSG), the Provincial Accountability Working Group (PAWG) and associated guidelines received no objection from the World Bank. These were submitted to the NCDDS for final review before submission to the NCDD for approval; • Training Need Assessment for preparing 2009 NCDD Capacity Building Plan was conducted in 15 provinces and 58 Communes. As part of this, 267 persons (41 females) at provincial level and 406 persons (70 females) were interviewed. Work has begun on the 2009 NCDD Capacity Building Plan. • DIP evaluation was conducted in August 2008 which forms the basis of support to the districts in 2009 with a focus on the post election period • Guideline on district strategic planning and investment program was drafted and presented to relevant ministries and institutions such as NCDD, MOI, MEF, MOP, MRD and MWA. The guideline is expected to be completed before the council elections in 2009. |
| 2 | Ministry of Planning | <ul style="list-style-type: none"> • Output 1 : Workshops and meetings related to national strategy and local development in the context of D&D • Output 2 : International study tour on planning • Output 3 : Training and capacity strengthening to provinces on data analysis, Logframe, M&E, CDB and PDID • Output 4 :Monitoring and evaluation of all activities • Output 5 :Operational Support | <ul style="list-style-type: none"> • Annual workshop on implementation of 2007 workplan and budget conducted in KAM from 7-8 April 2008 with 86 DoP officials from 24 provinces • Capacity building training on management of CDB conducted from 29-30 May 2008 in BMC with 100 DoP participants from 24 provinces • Capacity building training on analysis and use of district profile conducted in Prey Veng from 7-8 August 2008 with 100 DoP officials from 24 provinces • Refresher training on Logical Framework Approach (LFA) conducted in KPC from 25-27 August 2008 with 96 DoP participants and other relevant projects such as Seth Koma. • Workshop on DIW, PIF and DPAM conducted in KKG from 19-20 September 2008 for 72 DoP officials from 24 provinces • Refresher training on village data collection conducted in PUR from 21-22 October 2008 for 72 DoP officials from 24 provinces |
| 3 | Ministry of Agriculture, Forestry and Fishery | <ul style="list-style-type: none"> • Output 1: Training and capacity building (community fishery planning) • Output 2: Support and establish model of Agriculture Development Community and | <ul style="list-style-type: none"> • Dissemination on sub-decree for establishment of agriculture community conducted in PUR and KAM in June 2008 with 80 participants mainly volunteer farmers. • Training on project proposal writing and preparation of workplan and budget conducted in KPC from 9-11 July 2008 for fishery community focal points and officials of fishery |

| No. | Contract | Planned Outputs | Actual Progress |
|-----|-------------------------------|---|--|
| | | <p>capacity building</p> <ul style="list-style-type: none"> • Output 3: Meeting and prepare strategy on policy support to D&D • Output 4: Monitoring and evaluation activities • Output 5: Support to ministry on implementation of decentralization and deconcentration activities | <p>administration with 28 participants</p> <ul style="list-style-type: none"> • Facilitated establishment of agriculture development communities in TAK, KPC and SHV from September-October 2008 |
| 4 | Ministry of Rural Development | <ul style="list-style-type: none"> • Output 1: Training and capacity building on infrastructure to TSOs of 24 provinces/municipalities. • Output 2: Program and policy support workshops/meetings • Output 3: Monitoring and evaluation activities • Output 4: Support ministry to implement decentralization and deconcentration activities | <ul style="list-style-type: none"> • Training on basis of infrastructure projects conducted in Takeo from 2-13 June for newly recruited TSOs and IAs. • 14th International Indigenous Forum conducted in Pursat on 29 August 2008 with 200 participants from 6 provinces of PUR, KTM, PVR, RAT, BTB and MKR including indigenous people. • National campaign on rural sanitation conducted in KPC on 15 October 2008 with 500 participants including students, parents, teachers and representatives of local authorities, PDRD, DOEYS and MRD. • National workshop on C/S infrastructure projects in KKG over 22-23 October 2008 with 160 participants of PDRD, TSU and PSDD IAs from 24 provinces • MRD working group conducted field visits to six provinces of KCH, PUR, TAK, KAM, KPC and KRT over September-October 2008 to monitor and support TSU works. |
| 5 | Ministry of Social Affairs | <ul style="list-style-type: none"> • Output 1: Training and capacity building to staff of Provincial and District Social Affairs, commune focal points on pilot mainstreaming of Social activities into C/S investment program (CIP). • Output 2: Strengthening pilot communes and expanding to new communes on piloting of social affairs mainstreaming into CDP and CIP | <ul style="list-style-type: none"> • Training on social affairs mainstreaming to DoSA, PFTs and DFTs conducted in KRT, PUR, STG, KKG, RAT and KAM with 55 people participating in each training event • Conducted pilot on mainstreaming on social affairs as part of the commune plan in RAT, KKG, PUR, KAM, STG and KRT |

| No. | Contract | Planned Outputs | Actual Progress |
|-----|---------------------------------|--|---|
| | | <ul style="list-style-type: none"> • Output 3: Monitoring and support on technical aspect • Output 4: Support to ministry on implementation of decentralization and deconcentration activities • Output 5: Annual workshop | |
| 6 | Ministry of Women Affairs | <ul style="list-style-type: none"> • Output 1: Training and capacity building (on skill, gender mainstreaming to communes and provincial focal point) • Output 2: Program and policy support workshops\meetings (National workshop to strengthening capacity on Monitoring and evaluation on gender mainstreaming to provincial level) • Output 3: Monitoring and evaluation activities • Output 4: Regulations, manuals, guidelines and documenting experience for policy dialogue | <ul style="list-style-type: none"> • Training conducted on skill building with C/S women and children focal points, C/S councilors and women village leaders for 52 officials of provincial and district DWA from RAT, PNP, KDL, KPC, KAM, TAK, KEP and SHV over 23-28 June 2008. • National workshop on implementation of gender mainstreaming at subnational level in SRP on 27 October 2008. • 1,000 booklets on advocacy and monitoring of gender activities at subnational level printed and disseminated. • Monitoring on implementation of gender mainstreaming at subnational level conducted to PUR, KCH and BMC from September to October 2008. |
| 7 | Ministry of Land Management | <ul style="list-style-type: none"> • Output 1: Pilot on demarcation of municipality boundary • Output 2: Draft of inter-ministerial Prakas prepared and approved • Output 3: Operational support | <ul style="list-style-type: none"> • Conducted pilot event on demarcation administrative boundaries of Smach Meanchey commune in KKG and Tumnop Rolok commune in SHV |
| 8 | Ministry of Economy and Finance | <ul style="list-style-type: none"> • Output 1 : Program and policy related to D&D support workshops\meetings • Output 2 : Training and capacity building on financial system to provincial and C/S | <ul style="list-style-type: none"> • Field visits were conducted to monitor and support preparation of C/S budget plan 2008 and implementation of C/S budget 2007 in KPC, KTM, KCH, PUR, BTB, PLN, SRP, KKG, SHV, TAK, KAM and KSP over April-October 2008. • Visits conducted to monitor preparation and implementation of budget in OWSO in BTB and |

| No. | Contract | Planned Outputs | Actual Progress |
|-----|-----------------------------------|--|--|
| | | accountants <ul style="list-style-type: none"> • Output 3 : Monitoring and evaluation • Output 4 : Support to ministry on implementation of decentralization and deconcentration activities | SRP pilot districts <ul style="list-style-type: none"> • Cooperation in conducting budget execution study and preparation of action plan to respond to the study • Cooperation in discussion on the district planning process • Monthly meeting conducted with PTSR • Cooperation with MOI on PIM review • Carried out credit and cash transfer on 2008 C/S funds • Reviewed and endorsed reimbursement from Bank on C/S eligible projects 2008 • Draft law prepared on financial regime and property management of subnational administration • C/S fund transfer plan for 2009 prepared • National workshop on 2008 C/S account closure and 2009 account operation to be conducted in December 2008. • Fiscal decentralization consultancy facilitated on strategic framework. |
| 9 | Council for Administrative Reform | <ul style="list-style-type: none"> • Output 1 : Continue disseminating policy on public service delivery at provincial level • Output 2: Support the improvement of health service delivery in health centers (Strengthening rural health center) • Output 3: Study on mechanism of public service delivery at selected places (Phnom Den, Kaam Samnor, and Dong Krolo International Border Checkpoints, Rubber Plantation Chub, and Bengket) • Output 4: Operational support CAR to implement public admin reform program | <ul style="list-style-type: none"> • Public service delivery monitored at international border check points in Kaam Samnor and Phnom Den in June 2008 • Implementation of health service monitored supported by GAVI in TAK, KCH and KPC in September 2008 • Workshops on dissemination of public service delivery policy conducted in November 2008 in KKG and PLN with 360 participants. |
| 10 | National Audit | <ul style="list-style-type: none"> • Output 1: Capacity strengthening to NAA officials | <ul style="list-style-type: none"> • Audits conducted on C/S financial report 2007 in KKG, PUR, BTB and SHV. • Audit report 2006 published and disseminated |

| No. | Contract | Planned Outputs | Actual Progress |
|-----|-------------------------------------|--|---|
| | Authority | <ul style="list-style-type: none"> • Output 2: Auditing 2007 commune/ Sangkat financial report • Output 3: Preparation of commune financial report and dissemination of auditing report • Output 4: Support to NAA to implement decentralization and deconcentration activities | |
| 11 | State Secretariat for Civil Service | <ul style="list-style-type: none"> • Output 1: Support to State Secretariat for Civil Service to implementation decentralization and deconcentration activities • Output 2: Study and prepare a draft on body, functions and mechanism of civil service at subnational level • Output 3 : Workshop and meetings conducted | <ul style="list-style-type: none"> • Study conducted on public body, functions and mechanism at subnational level in KSP, KAM, KEP and KRT from May-September 2008. • Document drafted related to civil servants in relation to D&D |

Output 4: Aid Effectiveness Mechanisms in Place

This output comprises activities related to strengthening aid effectiveness and harmonization measures particularly within the context of formulating the future national program. Progress during the year against the six sub-outputs identified in the 2008 PSDD AWPB is summarized below.

4.1 Support to Formulation of NPDD: Harmonization Experience reflected in NPDD design

Since the arrival of the Urban Institute/CDRI design team members in late August, PSDD has played a facilitation role both to ensure that there are no impediments to administrative and logistical aspects of the work as well as to provide background and feedback when requested on technical matters. Noting the sensitivities amongst development partners, the independence of the design team has been fully respected by PSDD advisors with interaction being on an “on call” basis. That being said, as the project with the longest and most direct experience with the strengths and weaknesses of the current level of harmonization within D&D, as well as with the means available to support transition measures that are eventually determined, the interaction with the design team is strategic. Much of the work under this output will be carried out in the first half of 2009 once the first draft of the program document is available. In addition, several of the other outputs under this component below directly relate to harmonization issues that feed into national program formulation.

4.2 Study on Capacity Development

The first part of the planned four part study on Technical Cooperation and Capacity Development in Support of D&D was conducted by an international expert during 2008. This study’s approach included mapping and analyzing the current arrangements for the provision of technical cooperation personnel (TCP). The study identified 290 TCP positions (90 at national level and 200 at provincial level) of which 249 were staffed by national experts.

The study’s initial conclusions pointed to limited effectiveness of many of these positions in terms of enhancing capacities of commune/district or provincial staff. As well, the study concluded that there was frequent confusion about roles, responsibilities and functions between local staff and TCP providers. Government staff observed that TCP was often supply-led and poorly coordinated with the RGC as well as within projects. Owing to the broad brush approach taken and the sensitivities involved, it is difficult to draw conclusions specifically applicable to PSDD TCP which remains well coordinated with government and which somewhat uniquely includes government counterparts on every recruitment panel for UNDP-contracted advisors whose structured comments on annual performance are taken into consideration for contract renewals.

The study did identify unique opportunities to work towards a more coherent and effective approach to capacity development in the context of developing the ten-year program for Sub National Democratic Development. The report pointed to a need for a more ‘thought through’ approach which would put capacity development as a central theme of D&D and would reflect more serious cooperation among

development partners, based on capacity needs, rather than isolated project requirements. The study also proposed to invest in three new positions, specifically focused on capacity development, collecting information on which approaches work at national and provincial levels, identification of capacities and needs along with field-testing various capacity development approaches.

4.3 Functional Assignments in the NRM Sectors

As part of the MDLF NRM in D&D component and in cooperation with GTZ, a consultancy was planned to provide support and training to NRM-relevant Ministries on the opportunities and implications of the Organic Law, specifically with regard to functional analysis and reassignment. Early in the year, a series of meetings were held between NCDD management, DANIDA, GTZ and MoI to clarify the goal and approach to the study and ensure coordination and harmonization among the actors involved. The final draft TOR for this consultancy was developed and agreed to in principle. However, this work planned for the NRM related activities was cancelled given the onset of the functional review taking place under the design of the framework for the new National Program.

4.4 Joint Audit of 2007 Accounts completed by mid-2008

Determined efforts were made to complete the procurement process for the joint audit of the 2007 accounts early in the year so that the joint audit of 2007 accounts could be completed by June. Once again, however, serious delays occurred owing in part to an insufficient number of expressions of interest being received despite repeated rounds of advertising. Owing to a variety of factors equally shared by the government, development partners and the project the audit contract was only signed in the beginning of July, the audit was conducted mid-July to end September, the financial reports submitted in October and the final report with management letters in November.

The Joint Audit of 2007 Accounts was conducted by KPMG Cambodia. Once the report was made available, NCDD reviewed and accepted the audit recommendations. Based on these recommendations, the NCDD implemented a series of actions to address administrative deficiencies identified in the audit.

Below is a list of eight key findings from the Audit and NCDD's response (in *italics*):

a. The Audit revealed that the commune accountants seldom conduct visits to the commune to assess reliability and maintenance of accounts. It was assessed that in most communes, clerks have low capacity to manage finance.

• *NCDD will continue the cooperation with PRDC/ExCom and treasury at the national and provincial level to ensure C/S accountants conduct regular visits to communes.*

b. Auditors concluded that some communes (i) have a low level of responsibility division among council members; (ii) commune chiefs and clerks lack sufficient capacity to adequately review commune financial statements; and (iii) that there is a lack of security for financial documents.

- *NCDD will (i) continue to cooperate with DoLA to review TOR of commune clerks and also ensure distribution of their work among the C/S council members; (ii) provide the training on a continuous basis on the financial management to C/S councils; and (iii) provide adequate facilities to secure financial documents.*
- c. Some of the commune council members complained that a portion of their fund allocation is subject to misappropriation by the commune accountants.
- *NCDD will continue to cooperate with the national and provincial treasury to mitigate the misappropriation of the C/S fund. AWGs will also be encouraged to follow up these issues.*
- d. Auditors noted that advances to line Ministries were not cleared within the stipulated period; usually, it takes more than ten days from the completion of the activities.
- *NCDD will monitor the time it takes to clear advance and ensure the time period does not exceed 10 days as required by policy.*
- e. The Audit revealed low volume of bank reconciliations related to accounts that received funds from IFAD and RGC.
- *NCDD will work with MAFF/PSU to ensure reconciliation is conducted on a monthly basis.*
- f. Auditor's observations noted that (i) little physical verification of equipment has been performed; (ii) lists of non-expendable equipment were not being updated; and (iii) vehicle logbooks were not updated or used to record the correct times/dates of transport.
- *NCDD will (i) document the verification of physical assets once a year; (ii) ensure lists of non-expendable equipment are updated; and (iii) vehicle logbooks are updated and maintained on a regular basis.*
- g. The Audit further revealed that there is low level of budget reconciliation taking place on a regular basis to measure project outlays against progress.
- *NCDD /Finance Unit will make a comparison between the actual expenditure against the budget allocation for senior management.*
- h. Auditors noted that the reconciliation of cash transferred by the Provincial Finance Advisor was not always successfully completed.
- *The NCDD concluded that this was a result of lack of communication between national and sub-national levels given time constraints toward the year-end. NCDD will ensure timely reconciliation of cash balances.*

4.5 TWG Meetings effectively organized

The TWG on D&D is a shared responsibility of the NCDD and development partners and is not the responsibility of any individual project. Nevertheless, as the main support project to the NCDDS assistance from PSDD is expected to prepare presentations, reports and briefing materials in relation to TWG agenda items. The main activity related to this output involved the establishment of the NCDDS Policy Team which under its Cooperation and Liaison Unit assumed responsibility for support to both NCDD and TWG on D&D meetings. The EC-UNDP ITA Policy Advisor and two of three PSDD NTA advisor positions were recruited during the last half of the year to support the NCDDS Policy Team with, among other things, preparation and follow up on TWG meetings. At the time of completing this report, the first TWG on D&D meeting of 2009 had been held on 15 January with a general feeling all around that it was the best organized and most productive TWG on D&D meeting ever held. This bodes well for 2009 and it is anticipated that the same level of productive interaction through TWG meetings will continue on at least a quarterly basis

Output 5: Monitoring and Evaluation

The majority of 2008 PSDD AWPB M&E activities were designed to address the PSDD LFA indicators. During the year, a range of activities were initiated by the M&E Unit. This section reports summary of progress against M&E Output plans and Sub-outputs.

In addition to what is listed below, Annex 3 contains a comprehensive Progress Report on the Revised PSDD Log Frame Indicators.

5.1 Enhanced Accountability Mechanism: Baseline and progress monitoring surveys

In order to track progress along the LFA indicator “accountability”, a baseline survey was designed and conducted by SBK Research and Development. During May, 75 Focus Group Discussions (with 299 participants) were conducted and a cross section of 787 rural citizens were interviewed in 92 villages.

The key findings from this work include:

- Majority of the citizens (80 %) do not have the basic knowledge and understanding of what is meant by accountability; of what defines the relationship of accountability between the state and its citizens and of their rights.
- Over 76 % of the respondents have never seen the poster on accountability along with informational pamphlets describing the Accountability Working Group process.
- Of the 11 % of respondents who have made complaints about their Commune Council, only 6 % of them indicated a willingness to put their complaints in a public accountability complaint box while 29 % would prefer discussing their complaints with Commune Council Chair/member.
- Almost half of the respondents report doing nothing or keeping their silence when aware of abuse or corruption.
- Of the respondents who did complain, only 30 % reported that their complaints were eventually resolved.
- However, perceptions of accountability on part of Commune Councilors and Clerks are favorable: 65 % of the respondents identified them as accountable for their work to some degree.
- A little over one half of the respondents felt that Commune Councils keep citizens properly informed of important plans and decisions affecting the community.

The survey report and key findings were disseminated in October targeting a cross section of stakeholders, development partners, government officials, project implementers and the media.

M&E Unit was able to establish a baseline for further research and for monitoring change in accountability mechanism and perceptions of accountability over time. A follow-up survey to this work will be conducted in 2009 to measure change over time.

5.2 Increased Responsiveness of the C/S Development Plan and Investment Program to the Commune Socio Economic Development Needs and the CMDGs: Baseline and progress monitoring surveys

This survey work was conducted in order to better understand the factors behind current imbalance between infrastructure and service investments and between the community needs and the actual delivery of investment contracts. SBK Research and Development conducted the baseline survey in May 2008 that included a variety of survey measures. In total, 75 Focus Group Discussions (with 299 participants) were held. As well, the survey firm interviewed a cross section of 787 rural citizens in 92 villages.

The key findings of this work include:

- Majority of the respondents (73 %) agree to some degree that their Commune Council is responsive to their priority needs while 27 % disagree.
- On local government's general responsiveness, the vast majority of the respondents (80 %) consider it to be average to excellent.
- A little less than half of the respondents confirmed their Council involvement in poverty reduction, food security and livelihood improvement projects while 42 % of the respondents report living in communities without such projects.

The above findings tend to support the implementation of infrastructure NCDD/PSDD projects. Also, the results highlight the constraints of the survey instruments in capturing the dynamics behind and in explaining the gap between the citizens' expressed needs and the actual type of investments. A follow-up survey is planned for the first quarter 2009.

The survey report and key findings were disseminated in October targeting a cross section of stakeholders, development partners, government officials, project implementers and the media.

5.3 Perception Surveys on select outcome dimensions of the NCDD/PSDD Program: Baseline and progress monitoring surveys:

This initiative was launched in order for the NCDD and its development partners to be informed by citizen's perceptions and feedback on the relevancy of sub-national investments and on the key project measures of transparency, accountability and responsiveness. Accordingly, a baseline survey was designed and conducted by SBK Research and Development in May 2008. A total of 75 Focus Group Discussions (with 299 participants) were held. The firm interviewed a cross section of 787 rural citizens in 92 villages.

The key findings of this work include:

- Nearly 80 % of the respondents felt that Commune Councilors were doing a good job in implementing their mandated activities.
- One third of the respondents liked their Commune Council to disclose all Commune development projects as most important to establish transparency.
- One third of the respondents cited the need for public disclosure of all commune development expenditures.
- A little less than half of the respondents report not knowing the general Commune budget or usage of funds managed by the Commune Councils.
- About 40 % of the receivers of local government services rated that their local government's overall accountability, transparency, responsiveness and quality of services as "somewhat above average".

The baseline work revealed how difficult it is to capture citizen's perceptions; the extent of understanding of good governance principles and indicators namely, transparency, accountability and responsiveness.

The survey report and key findings were disseminated in October targeting a cross section of stakeholders, development partners, government officials, project implementers and the media. The follow-up survey is planned for the first part of 2009.

5.4 Investment Appraisal Methodology and Returns on Investment Study

An ever increasing amount of sub-national investments are made through the NCDD/PSDD every year. In light of this, NCDD/PST management and PRDC ExComs need tools and methodologies to appraise the investment proposals as well as to evaluate outcomes, relevancy, effectiveness and efficiency of these investments. Accordingly, a consultant was commissioned in 2008 to design and pilot test a methodology and tool kit suitable to PRDC ExCom and Commune investment environments. This tool kit was pilot tested in Kandal and Kampong Channa provinces by provincial study teams. Four study teams were organized and trained in Takeo, Kampot, Pursat and Battambang during September-October to implement the tool kit.

Experiences and lessons out of this pilot work were compiled and reviewed by the study team. The review found out that the methodology and its required processes could not be applied properly in the field due to a lack of: prioritization, constraints on time, lack of budget support, weak commitment as well as lack of available highly motivated and skilled officials at PRDC ExCom level.

Thus, for the study and its methodology to be relevant and useful to the PRDC ExCom, it required revision. The M&E Unit commissioned a consultant to revise the methods and tools to take into consideration all recommendations. Key areas of the revision include: a) establishment of a method of standard value tables generation by

selected investment types and sectors; b) development of related tools and manuals; c) training of the study team members and focal points and field work and d) making recommendations for revisions and modifications to the NCDD/PST databases namely, the Commune Database, Contract Database and the Project Information Database. This work is expected to be completed in early 2009.

5.5 Follow Up to 2003 Baseline Socio-Economic Benefit Study and Methodology

During the year, PSDD donors asked for documentation on project impact and outcomes. In response, a follow up to the 2003 socio-economic baseline survey was commissioned. The Economic Institute of Cambodia conducted the follow up survey. The draft report was reviewed and returned with comments for revision. The 2008 Follow-up Survey now allows statistically valid comparisons of changes in outcomes in the study areas since 2003.

Some of the key findings of the survey include comparisons over a five year period that point to:

- Access to schools, to markets and to health centers has increased.
- Household assets namely, motorcycles, radios, bicycles and motorized machines have increased in Communes with road projects.
- Certificate of Right to land holding has increased.
- Length in village roadways has increased. Rural roads emerged as the most preferred type of investment. Maintenance remains an outstanding issue.
- More rural households are using latrines and boiled water.
- Rural household shelter condition is improving.
- “Land grabbing” is increasing.
- Sale of rice land to pay for food, medical care and debt is increasing.
- More people are leaving their native villages in search of work for six months or more.
- While household level poverty is declining, the wealth gap is increasing.

The survey report and key findings were disseminated in October targeting a cross section of stakeholders, development partners, government officials, project implementers and the media.

The 2003 baseline and the 2008 follow up surveys together present two large household level panel datasets in Cambodia unlike any other. Accordingly, there is ample opportunity to further explore these data.

5.6 Formative Evaluation and Outcome Monitoring Study

In response to the acknowledged need for PSDD-enabled NCDD program to deepen its understanding of its processes (investment outcomes) and at the same time, to inform programme management and to contribute to the formulation of the overall sub-national D&D programme, M&E Unit designed a formative evaluation study. During 2008, the Economic Institute of Cambodia and Catalyst Management Services (India) completed the inception phase of this study, making three rounds of consultations at the national, provincial, commune and village levels. At the end of 2008, M&E Unit reviewed and provided feedback to the study team, the study

protocols and the tools. The methodology, once finalized, would then be used to pilot a formative evaluation process and lessons learned in twelve study communes in three provinces over a twelve month period in 2009.

5.7 Socio-Economic Impact Evaluation of C/S Fund Roads (RILG)

This study will document the socio-economic impacts of C/S Fund related to road development based on an M&E Baseline Survey that was conducted in 2003. NCDD, with funding from the RILGP Credit, contracted the study with CADTIS Consultants who commenced work in March 2008. One significant improvement to the study was to survey the impacts on transport service providers as well as households in the selected survey villages (as benefits do not necessarily accrue to the households served). Due to serious illness of the Team Leader, submission of the Draft Final Report was delayed to July. After review by NCDD staff and advisors this report was found to not meet the requirements of the TOR as it required considerable revision. A revised draft report was submitted in September. A final report was submitted late November 2008 and is now under review with a scheduled presentation of the report planned for mid-December 2008.

5.8 M&E Baselines (RILG)

For the year 2009, M&E Unit relies on WB/RILG Additional Financing to program support for the development of baselines in association with the NPDD design team and in tandem with new NPDD formulation progress. During the last quarter, work to design the NPDD along with its M&E component continues with expected output by the first quarter of 2009. M&E Unit expects to use the output from their work to feed into the terms of reference (TOR) for the baseline study. Therefore, this work will have to follow the formulation of SNDD. The M&E Unit expects finalization of procurement in early 2009 and work to begin by the end of the first quarter 2009.

5.9 Design of NCDD MIS

The private firm Aruna Technology was contracted with funding from DANIDA to carry out the initial scoping exercise (Phase I of an anticipated four phase project) involving a technical review of the data bases currently in use under the NCDD. Their analysis and report was submitted to the PSDD during early fourth quarter 2008. This report lays out many of the challenges with merging the three primary databases (Commune Database, Project Information Database and Commune Development Planning Database) that will ultimately feed into the new MIS. The report points to the need for to centralize data in existing databases and create a synchronization process to support an M&E interface capable of producing reports and screen graphics. Ultimately, the NCDD MIS will be linked with a geographic data base (Cambodia Atlas) capable of producing thematic representations of data.

In late 2008, NCDD decided to implement the next Phase (II) to create the MIS. During the last quarter, a new TOR was developed to consolidate the databases. This TOR and accompanying inception report provides a way forward to merge current provincial databases into one centralized depository. Work by Aruna begun on several components of Phase II of the MIS (creation of data dictionary and look-up values) with expected completion of all components of Phase II by the end of the first quarter 2009.

5.10 M&E framework formulation for the new SNDD program:

This initiative is linked to the design and formulation of the new SNDD. The design work commenced only in late 2008. Formulation of the M&E component is expected to take place only after January 2009. M&E Unit plans to provide significant support to the process that leads to framework formulation. In preparation, the M&E Unit established dialogue with the SNDD Design Team and formed an M&E Advisory Group for the NCDD Secretariat. In its first meeting held during November, the participants recommended immediate mapping of the D&D related existing M&E systems. Development partners and the TWG (D&D) agreed to support this initial work by identifying and procuring the services of a consultant capable of conducting this data collection task. Additionally, the M&E Unit drafted TORs for the smaller M&E Working Groups to work on a regular basis to address technical matters related to M&E formulation for the new NP.

5.11 Strengthening of sub-national monitoring system:

Following initiatives were undertaken in 2008:

a) Task Force on M&E Tools and Reporting. A task force comprising SPPAs, PMESAs and PRDC ExCom officials was established with support from the M&E unit. The Task Force carried out a review of all existing M&E tools, templates and practices as to their relevancy and ease of use. A document, covering the Task Force work and resulting recommendations, was presented in August 2008 to the NCDD/PST management for further action. NCDD/PST management deferred implementation of the recommendations pending establishment of the new NCDD and elections of new sub-national Councils.

b) Refresher and Skill Building Sessions for the Provincial Monitoring, Evaluation and Sector Advisers. The M&E unit organized the first training sessions in 2008 for Provincial Advisors. A second session, planned in late 2008, was postponed to early 2009 in order to complete preparatory materials.

c) Priority M&E Capacity Development – PRDC and Line Department M&E Focal Points through “Champions” Development. Based on the lessons learned from similar training interventions, sub-national M&E capacity development would be approached under this initiative through a competency based sub-national training and capacity development. This would involve: functional analysis of both job descriptions and skills of the M&E focal points; identification of two most suitable officials (Champions) per province to be trained and supported as provincial ToTs; M&E training needs assessment and; M&E training needs with support from provincial ToTs. Accordingly, M&E unit developed a concept note, ToRs and budget covering the initiative and lobbied successfully for its approval by NCDD/PST management and PSDD donors. In support of this initiative, M&E unit involved the provinces in the identification of suitable “Champions” and initiated recruitment of a Training Coordinator who would organize and implement the initiative in 2009.

d) M&E Technical Inputs and Advisory Services. Over the course of the year, M&E unit, upon request, continued to provide technical assistance and advisory support to its project partners, namely MDLF-NRML; UNICEF Seth Koma and JICA PILAC (local government strengthening project in Rattanakiri and Mondulhiri provinces).

6. Financial Progress against the 2008 PSDD AWPB

Table 10: 2008 PSDD AWPB Budget Execution on the following page provides a summary of the 2008 PSDD AWPB Budget Execution. The information is derived from the Peachtree Accounting System which aggregates financial reports received monthly from all 24 provinces and the MoI/DoLA, incorporates the direct disbursements on all cooperating Ministry/Sub-committee contracts and PST's own expenditures and from information received by UNDP on budget lines which they manage directly.

In analyzing the information provided in the table the following is noted:

Budget Revisions: In the course of 2008, there were numerous budget revisions which are reflected against each budget category in Table xx. Some of the revisions relate to 2007 carryover funds which in the district and province investment categories are exclusively for un-liquidated obligations and retention costs on contracts with private contractors and suppliers. Other revisions relate to additional funds provided by UNDP for: a) equipment and operating costs for the NCDSS Policy Team established in the middle of the year; b) salary increases for national advisors, October to December, as part of the overall alignment to revised UNDP salary scales; c) additional allocations for equipment procurement, replacing old inventory; and d) additional allocations for NCDSS and Provincial Ex-Com operating costs to partially respond to the high rate of inflation. In total the 2008 PSDD budget increased from \$ 11.7 to \$ 13.3 million in the course of the year.

Disbursement: Disbursement against the revised 2008 budget of \$ 13.3 million reached \$ 12.3 million or 92% of the total. Those budget categories with less than 90% disbursement included: a) **CCWC** due to a late start in the year; b) **District Initiative** owing in part to the delayed transfer of donor funds to UNDP resulting in implementation beginning only in May; c) **National Ministries/Sub-Committees** owing in part to performance of the Ministries and PST and in part to unclear policy directions; and d) **Consultancies/Studies** owing primarily to certain planned studies being put off until 2009.

Balance of Funds: There is a year end balance of funds of roughly \$ 1 million some of which is obligated through contract commitments (consulting contracts and private contractors/suppliers at sub-national level) and some of which is available for programming in 2009. As the overall PSDD budget available for 2009 has been seriously reduced due to exchange rate losses, the 2008 carry over funds will be particularly important.

Given the delayed transfers of donor funds to UNDP in 2008, the diversion of attention to the Organic Law and the national elections and the relatively short time available to absorb and disburse additional allocations in the second half of the year, the disbursement rate of 92% is considered to be highly satisfactory.

Table 10: 2008 PSDD AWPB Budget Execution

| Budget Category | Commitment | | | Disbursed | % | Balance | Comments on Revisions |
|------------------------------------|-------------------|------------------|-------------------|-------------------|-------------|------------------|---------------------------------------|
| | Original | Revisions | Total | | | | |
| 1. Under NCDD Execution | | | | | | | |
| CS Fund | 500,000 | 0 | 500,000 | 500,000 | 100% | 0 | |
| CCWC | 300,000 | -10,000 | 290,000 | 250,095 | 86% | 39,905 | \$ 10,000 for PST printing guidelines |
| District Initiative | 350,000 | 45,355 | 395,355 | 296,094 | 75% | 99,261 | \$ 45,355 carryover from 2007 |
| Provincial Investment Fund | 1,800,000 | 169,153 | 1,969,153 | 1,754,563 | 89% | 214,590 | \$ 169,153 carryover from 2007 |
| Provincial Program Support | 3,636,530 | 349,692 | 3,986,222 | 3,961,499 | 99% | 24,723 | Increase for inflation |
| National Ministries/Sub-Committees | 500,000 | 0 | 500,000 | 408,131 | 82% | 91,869 | |
| NCDDS Operations | 650,000 | 541,539 | 1,191,539 | 1,109,755 | 93% | 81,784 | Policy Team, Equipment, Ops |
| Consultancies/Studies | 436,000 | 10,000 | 446,000 | 305,515 | 69% | 140,485 | |
| Reserve/Unallocated | 88,470 | 313,687 | 402,157 | 0 | 0% | 402,157 | Carryover to 2009 |
| Subtotal NCDD | 8,261,000 | 1,419,426 | 9,680,426 | 8,585,651 | 89% | 1,094,775 | |
| 2. Under UNDP Execution | | | | | | | |
| International Advisors | 700,000 | 0 | 700,000 | 700,000 | 100% | | |
| National Advisors | 2,166,500 | | 2,166,500 | 2,166,500 | 100% | | Salary increase for NTAs (Oct-Dec) |
| Consultancies | 124,000 | 0 | 124,000 | 124,000 | 100% | | |
| GMS (Fees) | 448,500 | 262,444 | 710,944 | 710,944 | 100% | | Adjusted calculation |
| Subtotal UNDP | 3,439,000 | 262,444 | 3,701,444 | 3,701,444 | 100% | | |
| 3. GRAND TOTAL | 11,700,000 | 1,681,870 | 13,381,870 | 12,287,095 | 92% | | |

7. Progress against the 2008 Consultancy Plan

As noted in the PSDD 2008 AWPB, irregardless of the source of consultancy funds PST officials and PSDD advisors spend considerable time preparing ToRs; managing or participating in procurement processes; briefing consultants; arranging and facilitating field visits and stakeholder meetings; providing comments on draft reports and following up on findings and conclusions. In 2008 there were a total of 21 planned consultancies of direct interest to PSDD of which 15 were implemented, 4 were postponed to 2009 and 2 were cancelled as no longer relevant. In addition, there were four unplanned consultancies completed making a total of 19 completed consultancies for the year.

Progress against each of the 25 consultancies in 2008 is summarized in the in the tables on the following pages.

| Table 11: Progress Status against 2008 Consultancy Plan | | | | |
|--|--|--------------------|---------------------|---|
| No | Study Title | Fund Source | Cost (US \$) | Implementation Status end December 2008 |
| 1 | Capacity Development Study (Sue Graves) | PSDD (UNDP) | 50,000 | ToR designed/approved; consultant recruited; Part 1 of study implemented mid-July to mid-September; report disseminated/ discussed by DPs; Part 2 partially designed and planned for Q 1 2009 |
| 2 | Review and design of incentive scheme for SNDD (Attridge and Craig) | PSDD (NCDDS) | 30,000 | ToR designed/approved; 2 part contract signed with 2 consultants; part 1 preparation of manuals and background completed by end year; negotiation/finalization planned for Q 1 2009. |
| 3 | Enhanced Accountability Mechanism (SBK Research and Development) | PSDD (PST) | 24,000 | ToR designed/approved; consulting firm contracted; baseline survey completed; follow up in 2009. |
| 4 | Responsiveness to C/S Plan (SBK Research and Development) | PSDD (PST) | 24,000 | ToR designed/approved; consulting firm contracted; baseline survey completed; follow up in 2009. |
| 5 | Perception Surveys (SBK Research and Development) | PSDD (PST) | 24,000 | ToR designed/approved; consulting firm contracted; baseline survey completed; follow up in 2009. |
| 6 | Returns on Investment Studies (Julian Abrams) | PSDD (PST) | 75,000 | ToR designed/approved; consultant recruited; first phase completed; second phase in Q 1 2009. |
| 7 | Follow up to 2003 SE Baseline (Economic Institute of Cambodia) | PSDD (PST) | 75,000 | ToR designed/approved; consulting firm contracted; survey/data collection completed, report finalized. |
| 8 | Formative Evaluation/ Outcome Monitoring (Economic Institute of Cambodia and Catalyst Management Services India) | PSDD (PST) | 250,000 | ToR designed/approved; consulting firm contracted; under implementation; methodology designed; piloting planned in 12 commune in 2009. |
| 9 | Development of NCDD MIS (Aruna Technology) | DANIDA/MDLF | 70,000 | ToR for first phase scoping exercise designed/approved; Aruna contracted and complete Phase 1: Phase 2 designed and contracted and under implementation; Final phase 3 planned mid-year in coordination with NCDD design. |
| 10 | Functional Assignments in NRM Sectors | DANIDA/MDLF | 50,000 | Study work delayed and postponed to 2009 to better align with NPDD formulation and clarity on process of functional analysis and assignment. |

| No | Study Title | Fund Source | Cost (US \$) | Implementation Status end December 2008 |
|----|---|---------------------|------------------|---|
| 11 | Design and development of a Categorical Grant for NRM | DANIDA/MDLF | 65,000 | Study became largely redundant and was cancelled following agreement with MEF on revised procedures for NRM grants to commune being integrated into commune budget. |
| 12 | Review/ development of 1 st addition of Green Book (CBNRM Institute) | DANIDA/MDLF | 64,000 | Firm contracted; review completed; publication finalized in September and widely disseminated. |
| 13 | C/S Budget Execution Study (Catherine Dom) | World Bank | 55,000 | Consultant contracted; mixed working group MEF/Mol formed; study undertaken Feb-April; final report available and circulated widely June; some limited actions taken on recommendations in time for 2009 cycle; others included in work plan for 2009 |
| 14 | Socio-economic impact of C/S roads (CADTIS, Ltd) | World Bank | 75,000 | Consulting firm contracted; field work completed; quality problems with final report will delay finalization until Q 1 2009. |
| 15 | M&E Baseline for SNDD | World Bank | 80,000 | Postponed to 2009 when more clarity on NPDD and M&E requirements. |
| 16 | Technical Manual Revision (Aruna Technology) | World Bank | 100,000 | Consulting firm contracted; over 350 technical drawings completed by end year; Project Generator programmed; contract extension with additional budget approved extending to Q1 2009 owing to unexpected scale of drawings required. . |
| 17 | District Finance System | World Bank | 24,800 | Still pending design of TOR by MEF and the Fiscal Decentralization Advisor. Postponed to 2009. |
| 18 | Process Audit : C/S Planning system | World Bank | 50,000 | Implementation planned for planning cycle 2009 with added focus on district and commune. TOR to be completed by Q 1 2009. |
| 19 | Revision of C/S Financial Procedures | World Bank UNCDF | 12,400 15,000 | Follow on from C/S Budget Execution Study. Postponed as in-house TA sufficient. Delayed due UNCDF/IDLD start up issues. Postponed to 2009 |
| 20 | District/ Commune Planning System review (Julian Abrams) | UNCDF | 30,000 | ToR designed/approved; consultant contracted; study completed; draft planning guidelines reviewed by RGC and by DPs; completion in Q 1 2009 under second phase. |
| 21 | Two-tier financial model/ guidelines at C/S and District level | UNCDF | 20,000 | Study delayed due UNCDF/IDLD start up issues and now obsolete. |

| Unplanned Studies in 2009 | | | | |
|---------------------------|---|--------------|--------------|--|
| No | Study Title | Fund Source | Cost (US \$) | Implementation Status end December 2008 |
| 22 | Evaluation of District Initiative (Peter Owens) | DfID | ? | TOR drafted by PSDD, consultant contracted by DfID to work with MoI/District Team; report prepared and discussed with government and development partners. |
| 23 | Fiscal Decentralization (Jamie Boex) | PSDD (NCDDS) | 25,000 | TOR drafted, consultant recruited/contracted, field mission completed in December, report received early January. |
| 24 | Post PSDD Options (Julian Abrams) | UNDP | ? | UNDP contracted, consultations with consultant , report available early January. |
| 25 | Commune Investment Development Fund Review (CIDF) (Julian Abrams) | IFAD/RPRP | ? | TORs drafted with PSDD inputs, consultants work facilitated, report available end September |
| | | | | |

ANNEX 1: PSDD 2008 PROGRESS REPORT AGAINST REVISED LOGFRAME INDICATORS

| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|---|---|---|--|---|
| Goal: Poor people benefit from functioning sub-national institutions in Cambodia | Rural Incomes | | | |
| | Year-on-year decline in number of rural people with incomes below the “National Poverty Level” | 34.7% below national poverty line in (2005) | 28% people in rural households (2008) | Baseline: Report from Cambodia MDG tracking biannual, 2007 Progress: <i>2008 Follow Up to 2003 Socio Economic Baseline Survey</i> , NCDD/PST |
| | Infrastructure built (World Bank Rural Investment for Local Governance Programme indicator) | | | |
| | Year-on-year increase in settlements (>100 people) reached by rural roads | 16.2% of settlements reach by investment in rural roads in 2006 (2006). | 17.3% of settlements reached by investments in rural roads (2007). | Baseline: Commune Development Planning Database and Project Information Database. |
| | Better service provision (UNICEF Seth Koma Programme Indicators) | | | |
| | Year-on-year % increase in children under one year of age are immunized against seven vaccine-preventable diseases | 59.9% (2005) | 82% (2007) 90% (2008) | Baseline: Cambodia Demographic and Health Survey 2007: Health Information Survey, Ministry of Health. 2008: <i>2008 Follow Up to the 2003 Socio-Economic Baseline Survey</i> , NCDD/PST |
| | Year-on-year % increase in children aged six to eleven years enrolled in primary school | 91.9% (2005) 87.8% (2006) | 91.3% (2006) 87.8% (2007) | Source: EMIS 2005-2006 The Commune Database, NCDD/PST (2006, 2007) |
| | Year-on-year % increase in increase in rural households with access to safe drinking water | 38.2% (2003) | 47.6% (2008) | Baseline: 2003 Socio Economic Baseline Survey. 2008: Follow Up to the 2003 Socio Economic Baseline Survey, NCDD/PST |
| | More secure access to productive natural resources for rural poor (DANIDA/DFID Multi-Donor Livelihoods Facility) | | | |
| | 200,000 ha of additional community access and use rights secured to land, forest and aquatic resources by 2009 | Not available | Not available. | Note: Data specific to the indicator and its collection via <i>DANIDA/DFID Multi-Donor Livelihoods Facility</i> are not in place. |
| Distributional fairness (NSDP indicator) | | | | |

| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|---|--|--|--|---|
| | Year-on-year cumulative % of investment funds allocated to “citizens in poor villages” >= % of “citizens living in poor villages” ¹ | 26.4% allocated to poor villages (2006) | 20.9% allocated to poor villages (2007) | The Commune Database and the Project Information Database |
| Purpose: State and social institutions reconstructed at the sub-national level so as to engage with and empower poor and excluded citizens | Increased accountability (voice and oversight): | | | |
| | Year on year % increase in active accountability mechanisms in place in Commune/Sangkat Councils and Provincial Rural Development Committees. | 16 out of 24 Provincial Accountability Working Groups Active (2006)] ² | 7 active AWGs (2207) | National AWG Desk, DoLA, MoI |
| | Year on year increase in % of public complaints resolved through investigation | 860 complaints received and 35 resolved (4.1%) (2006). | 235 complaints made 27 complaints resolved (11.4%) (2007) | |
| | Year on year increase in attendance at Commune/ Sangkat-related meetings ³ | a) 55% of the respondents (n=787) (2008) b) See Annex-1 | b) See Annex-1 | a) Baseline Perception Survey on <i>Selection Outcome Dimensions of the NCDD/PSDD Programme</i> , 2008. b) Commune Council records. |
| | Increased responsiveness | | | |
| | Year on year increase in % of citizens in target Communes who feel that local government is addressing their priority concerns disaggregated by income, gender, age ⁴ | 73% of the respondents (n=787) agree to some degree that their Commune Council is responsive to their priority needs. (2008) | | Baseline survey on <i>Responsiveness of the CS Development Plan and Investment Program to the Commune Socio-Economic Development Needs – A Study</i> , NCDD/PSDD, 2008. |
| | Year on year increase in % of identified Commune priorities that are: agreed | 36,194 temporary agreements, 2,121 Commune contracts | 36,335 temporary agreements 1,965 Commune Contracts | NCDD Contract Database and Project Information Database. |

¹ GTZ Identification of Poor Households project data are available for only five provinces. The “poor village” is identified by using CDB indicators that are statistically significant determinants of consumption expenditure as used in Cambodia Socio-Economic Survey 2003/2004. Some of the indicators included are: No latrine per family (+); TV per family (-); motorbike per family (-), Household size (+); concrete shelter per family (-); ratio of literate women 18-64 to all (-); ratio of men 18-64 to all (-); zinc/fibro shelter per family (-) and bicycle per family (+). The total amount invested is taken from the Project Information Database.

² A better indicator capturing improvements in accountability may be added following the formative evaluation study in 2009.

³ In addition, village meeting attendance records were compiled and analyzed for all provinces except Battambang (see Annex-1). Operational definition used: **village meeting** as per step 1.2 (before 2006, Step 2) of the Commune Investment Planning process requirement. Information collected on a) the number of meetings held by the year and b) the number of people participated the village meeting in the CIP Process. Summary findings are presented in Annex-1. Methodological and technical notes are on file with NCDD/PST M&E Unit.

⁴ Information presented here are from the baseline survey designed and conducted in 2008.

| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|--|---|--|---|--|
| | (=Temporary Agreements); contracted; and completed | issued, 1,852 projects completed (2006) | issued 780 projects completed (2007) | |
| Increased capability of sub-national authorities | | | | |
| | (a) Governance roles (voice and oversight) <i>See above</i> | (b) Governance roles (voice and oversight) <i>See above</i> | (c) Governance roles (voice and oversight) <i>See above</i> | (d) Governance roles (voice and oversight) <i>See above</i> |
| | (b) Service delivery roles: Year-on-year increase in number of Front Line staff managed/paid by Government | (b) Service delivery roles: Year-on-year increase in number of Front Line staff managed/paid by Government | (b) Service delivery roles: Year-on-year increase in number of Front Line staff managed/paid by Government | (b) Service delivery roles: Year-on-year increase in number of Front Line staff managed/paid by Government |
| Social cohesion, identity and “secureness” promoted | | | | |
| | Year-on-year increase in number and overlapping membership of civil society/interest groups ⁵ | See Annex-2 (2006) | See Annex-2 (2008) | M&E Unit, NCDD/PST designed and conducted a survey for this purpose. Summary is presented in Annex-2. Details are on file with M&E Unit. |
| | Year-on-year increase in expectations of elected leaders and civil servants. | Expectations of the CC: 1) To address top two village/commune needs: roads renovation (63%) and clean water (33%). (2008) 2) CC transparency, top two issues: - public disclosure of all commune projects (34%) and - public disclosure of all commune development expenditures (31%). 3) CS Fund accountability: - Want CCs to use the Fund | | 768 villagers in 25 communes across five study provinces were asked their expectations of the CC/Local government with respect to: 1) Top five village/commune needs to address; 2) CC transparency and 3) accountability. Baseline Perception Survey on <i>Selection Outcome Dimensions of the NCDD/PSDD Programme, 2008</i> |

⁵Data collected from the Commune Councils through the PRDC ExCom. See Annex-2 for summary analysis. Methodological and technical notes are on file with NCDD/PST M&E Unit.

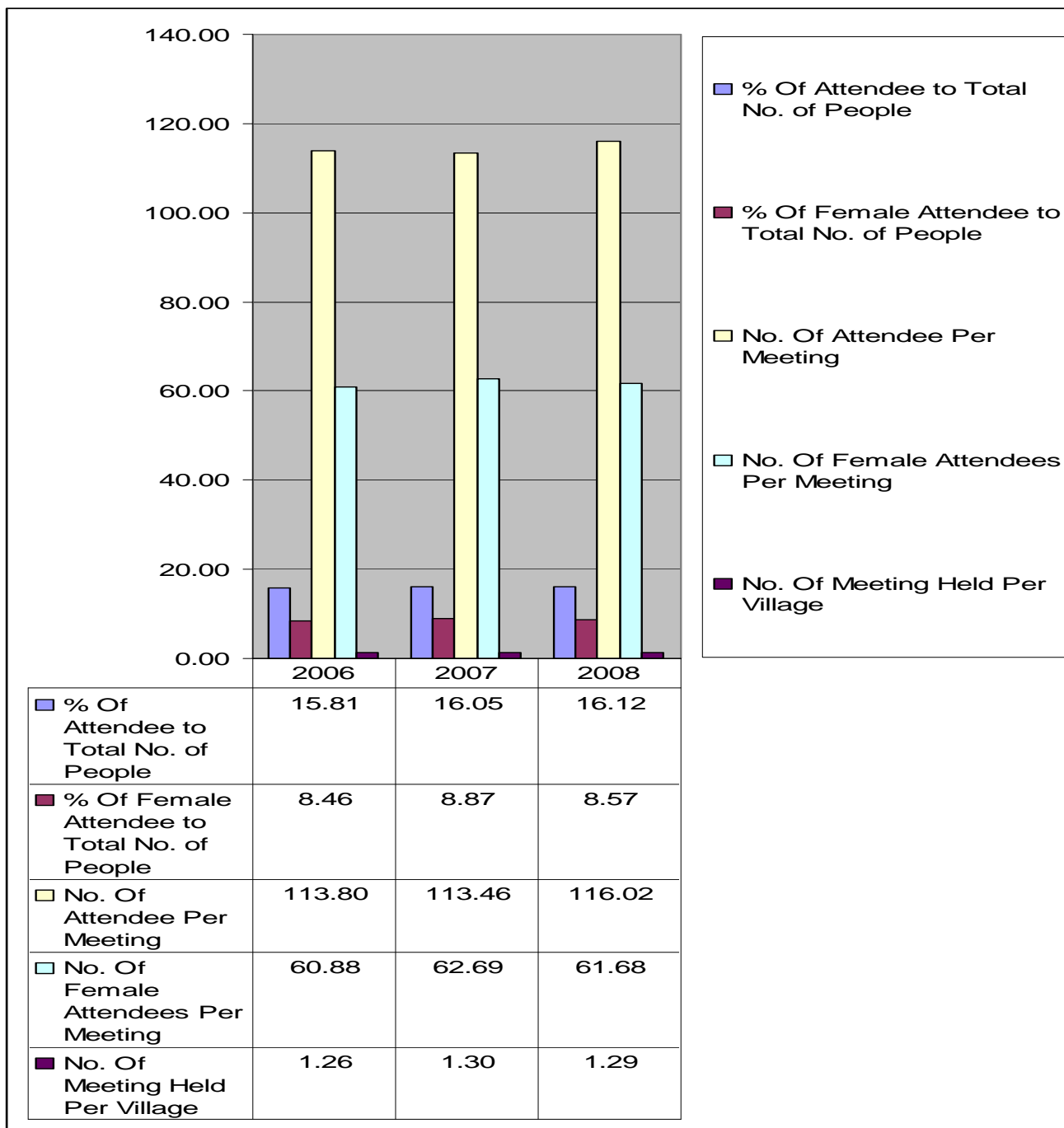
| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|--|---|---|--|---------------------------------------|
| | | reasonably (23%). (2008) - CCs to respond quickly to village needs (20%). (2008) | | |
| Output #1: 1.Cambodian-owned sub-national structure agreed and in place, that promote voice, responsiveness, delivery capability and accountability. | National level | | | |
| | Preparations for national programme supported by multi-donor arrangements through Technical Working Group in place by April '09 | Preparations in progress (2007) | Design and formulation in progress (2008) | NCDD Secretariat and its PST records. |
| | Provincial/District/Commune | | | |
| | Organic Law law on decentralization and deconcentration enacted (by end 2008). | Preparations in progress (2007). | Signed into Law by the King on 28 May, 2008 (2008). | RGC Gazette. |
| Output #2: Planning, finance, implementation and monitoring systems in place and integrated into new national structures and systems | 1. Planning processes | | | |
| | Revised commune planning process in place by Dec '07 | Preparations in progress (2007) | PIM revision completed (2008) | RILG project and NCDD/PST records. |
| | 2. Funding processes | | | |
| | Compliance/audit arrangements in place (by Feb '07) | Preparations in progress (2007) | In progress (2008) | RILG project and NCDD/PST records. |
| 3. M&E systems in place | | | | |
| | M&E programme agreed by Dec '07 | 2008 M&E programme developed (2007) | 2008 M&E programme implementation in progress and as planned (2008). | NCDD/PST records |
| | Effective Management information system in place by Dec '08 | In progress (2007) | Phase II in progress (2008) | |
| | Formative evaluation programme in place and methodology tested (x3 studies by Dec '08) | Designed (2007) | Formative evaluation in progress (2008) | |
| | Outcome monitoring system established by Feb '08 | Designed (2007) | Outcome monitoring study in progress (2008) | |

| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|---|---|--|--|--|
| | Perception surveys (x10) completed by Dec '08 | Designed three perception surveys (2007) | Baseline surveys completed on Accountability, Responsiveness and on perceptions (2008) | |
| | Impact evaluation studies (x 6) completed by Dec '08 | Two surveys designed (2007) | Completed Follow Up to 2003 baseline (2008) The Return on Investment/ Cost Benefit Analysis in progress (2008). | |
| Output #3: Investment funds delivered through mechanisms that promote accountability | Promoting accountability | | | |
| | Declining year on year percent of sub-national investment through off-budget mechanisms (outside government system) | US\$ 27 million or 61% off budget (2006) | US\$ 30.77 million or 52% off budget (2007) US\$ 34.34 million or 49% off budget (2008) | Seila PLG and NCDD/PSDD AWPBs |
| | Promoting political discourse (discretionary funds) | | | |
| | Increasing year on year proportion of total commune funds available in discretionary form using the government system | US\$ 17.77 million or 39% (2006) | US\$ 28.40 million or 48% (2007) US\$ 35.25 million or 51% (2008) | Seila PLG and NCDD/PSDD AWPBs |
| Output #4: Aid effectiveness mechanisms in place | Programme based approach | | | |
| | Partnership principles/code of practice agreed by June '08 | Partnership principles/code of practice agreed by June '08 | Partnership principles/code of practice agreed by June '08 | Partnership principles/code of practice agreed by June '08 |
| | Basket fund with MEF in place with >50% of donor funds by April '09 (to support National D&D prog) | Basket fund with MEF in place with >50% of donor funds by April '09 (to support National D&D prog) | Basket fund with MEF in place with >50% of donor funds by April '09 (to support National D&D prog) | Basket fund with MEF in place with >50% of donor funds by April '09 (to support National D&D prog) |
| Effective TWG⁶ | | | | |
| | Joint audit completed by mid '08 | | In progress (2008) | D&D TWG records and reports |
| | Agreed action plan by 'Dec 07 | In progress (2007) | | |

⁶ D&D TWG to report progress on the following indicators.

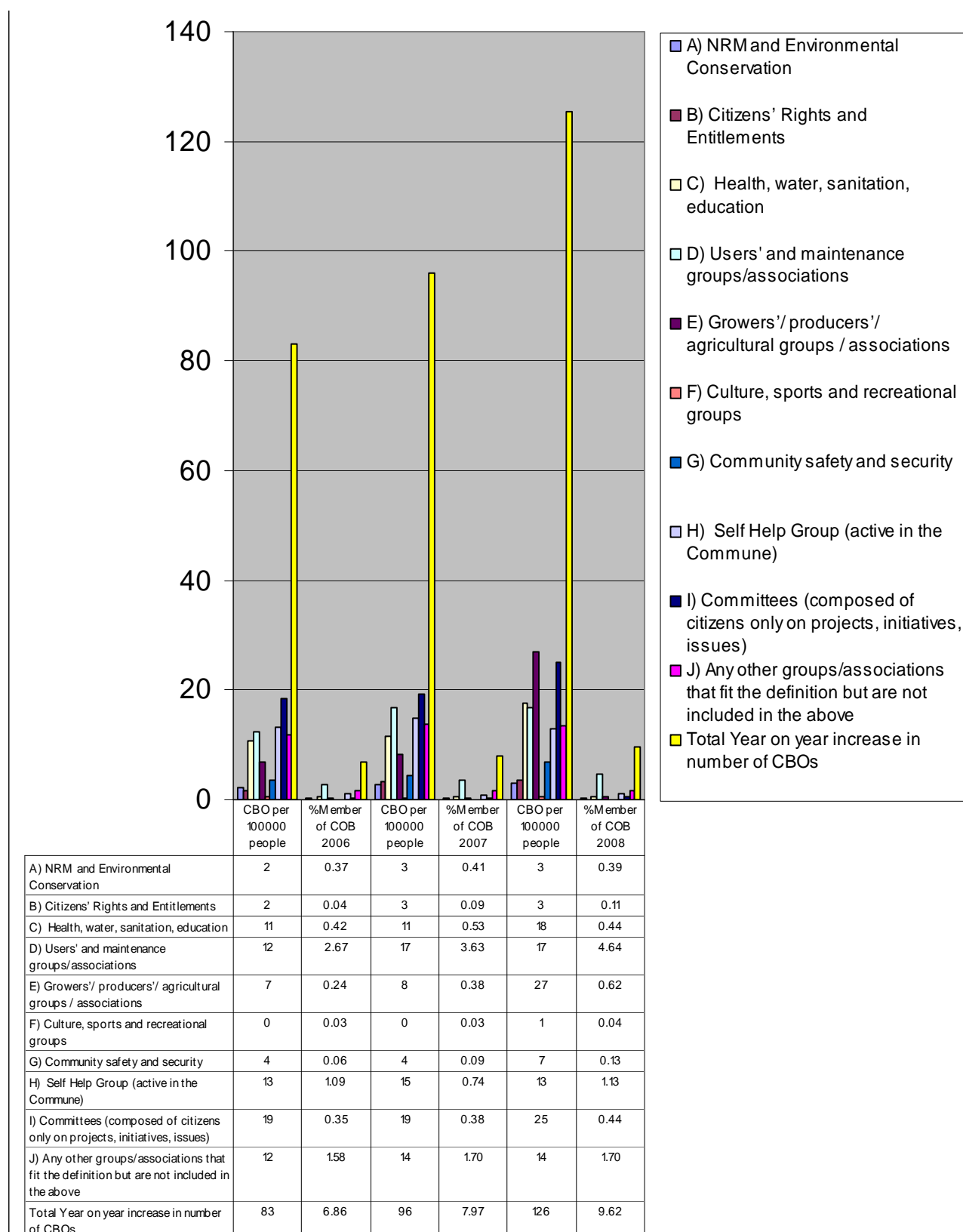
| Project narrative | Progress indicator | Baseline (Year) | Progress (Year) | Information source / Notes |
|-------------------|--|-----------------|-----------------|----------------------------|
| | Regular meetings of TWG with attendance by both Functional Ministries and by service delivery ministries | | | |
| | | | | |

Year on year increase in attendance at CS related meetings (Village meeting, step 1.2, CIP), 2006-2008



Source: Commune Council Records on CIP and M&E Unit survey, NCDD/PST, 2008

“Year on year increase in number and overlapping membership of civil society/interest groups” 2006-2008



Source: PSDD LFA tracking survey, M&E Unit, NCDD/PST, 2008

ANNEX 2: Project Progress Reports

- 2.1 World Bank Rural Investment and Local Governance (RILG)**
- 2.2 MDLF/NRML: Natural Resource Management in D&D (NRM in D&D)**
- 2.3 IFAD: Rural Poverty Reduction Project (RPRP)**
- 2.4 IFAD: Rural Livelihood Improvement Project (RULIP)**
- 2.5 Canada: Agricultural Development in Demined Areas of Cambodia (ADMAC)**
- 2.6 UNICEF: Seth Koma**
- 2.7 EC-UNDP: Democratic Development and Local Governance (DDLG)**
- 2.8 World Bank: Land Allocation for Socio-Economic Development (LASED)**
- 2.9 World Bank: DfGG-One Window Service Office (OWSO)**
- 2.10 UNCDF: Innovations in Decentralization and Local Development (IDLID)**

Annex 2: Project Progress Reports

2.1 World Bank-Rural Investment and Local Governance (RILG)

Financial Status. The World Bank's support for the Rural Investment and Local Governance Project is in the form of a Credit and Grant to the RGC. The Credit is in the amount of \$16.1 million (over 2003-2009) followed by a grant of \$ 36,25 million (2007-2010). While the Loan will be depleted by end 2008, the Grant will continue to provide substantial resources for 2009 and 2010.

Summary of 2008 RILG Performance. In coordination with the RGC, the RILG Additional Financing was negotiated and signed in 2007 which extended the project to 2010 and, thereby, expanded the coverage of reimbursement of eligible C/S Fund projects from 14 to 23 provinces. This Additional Financing allocated \$ 29 million to C/S Fund reimbursements with the balance of \$ 7 million for civil works, studies/evaluations, funding Fiscal Decentralization and Infrastructure Advisors, operational support and a provision for technical assistance over the 2009-2010 period (should PSDD core technical support not be extended). The Grant became effective on 24 October 2007.

Progress on the 2008 RILG AWPB is as follows:

2006 and 2007 C/S Fund Projects in 2008. Reimbursement of 2006 and 2007 projects, respectively at \$ 341,173 and \$ 650,308 from the Credit in the course of 2008 fell short of the planned amount. This left \$ 195,059 as carryover from the Credit at year end 2008. Credit allocations for C/S Fund project reimbursements are now planned to be fully disbursed in 2009. In addition, \$ 4,209,966 was reimbursed for 2007 projects under the Grant, bringing the total to \$ 4,860,274.

The number of contracts signed included 1,936 projects in 2007, of which 755 were completed by the end of 2007, with 1,181 projects carried over into 2008. Of these, 867 projects were completed by the end of September, with 77 projects still under implementation. This left 215 projects that were abandoned for a variety of reasons. The primary reasons related to project non-completion were centered on costs overruns and implementation delays (57%), change in tax status (26%), and, that the contractor was deemed overloaded with too many contracts to complete the work (9%).

2008 C/S Fund Projects. A total 1,637 projects were advertised for contracting purposes, of which 1,495 attracted bids. However, only 1,189 contracts (or about 80% of total) were concluded. The dominant reasons for bid failure in the other 306 cases were centered on lack of bids (86 contracts or 28 % of total) because contractors were not interested due to real regime tax; cost estimates were out of date (35 contracts or 11% of total projects) and; monopolies on required materials especially laterite (53 contracts or 17% of total). In another 46 (15% of total) cases, the lowest bids were too low. Additionally, some 55 project sites were too difficult to access (18% of total projects) leading to cancellation.

Of the 1,239 successful bids for 2008 C/S Fund project contracts (with an estimated reimbursement value of \$ 8,333,173), 349 contracts were completed by the end of September while another 289 contracts were under implementation. The remaining 595 contracts were still inactive as of September 2008. In total, reimbursement of 2008 projects that were contracted amounted to \$ 2,096,154.

ExCom Buildings. Construction or repair of the six ExCom buildings included in the original PIP of the RILGP Credit was completed by December 2006 with the exception of one building (final payment on the Kratie building was paid in 2007). As part of the agreed reallocation of the proceeds of the Credit in 2007, two additional ExCom buildings were added for Siem Reap and Battambang provinces. As the construction of the ExCom building in Siem Reap was postponed indefinitely due to the Provinces' plan to relocate their existing office from the municipality center to the periphery of Siem Reap. Therefore, it was agreed in November 2007 that Koh Kong Province would be substituted for Siem Reap Province. The design of the Koh Kong ExCom building was completed and submitted in February for procurement. As the estimated cost was \$ 58,000, arrangements were made for the Province to pay the cost overrun in line with the \$ 50,000 allocated by RILGP. The World Bank later requested that additional details be added to the Koh Kong design. This request was added to all other designs that were in progress. These additions to the design included detailed drawings of the electrical and plumbing systems and a ventilation plan.

In late 2007, the initial design of the ExCom building in Battambang was completed. However, the estimated cost exceeded the amount available for funding the construction of this building. NCDD/PSDD instructed the Battambang ExCom to revise the design to fit the available budget. However, the Governor of the Province decided that a facility other than one proposed by him would not serve the community needs and, thereby, decided to cancel the project. NCDD proposed that the \$ 50,000 is reallocated to expansion and repairs of the ExCom buildings in Kandal and Ratanakiri Provinces with equal amounts of the original sum divided between each province. The initial designs of the Kandal and Ratanakiri office expansions/upgrade were completed. During the process both building designs were revised to incorporate the additional information which the International Procurement Agency required to be added to the Koh Kong design.

Vehicles and Office Equipment. The Credit and Grant also provides procurement of vehicles and/or office equipment. For a variety of reasons, procurement of 40 motorcycles from the Credit planned in 2007 was delayed. Therefore, procurement of the motorcycles during 2008 was combined with procurement of 333 motorcycles planned under the Grant. This packaged procurement was carried out in 2008. The result was that 366 motorcycles were distributed to 23 provinces in relation to their need. Procurement of nine pickups for nine provinces and four other cars for NCDD/PST was contracted. The delivery of these vehicles was made in the last quarter of 2008. As well, 14 photocopiers destined for ExComs in the newly eligible RILGP Provinces (with one allocated to NCDD/PST) were procured and delivered.

Studies and Technical Assistance. There were a considerable number of consultancies for issuance of studies or TA to support the RILGP under Credit financing in 2008. Many of these consultancies were completed in 2008 while others are ongoing. These include:

- Support to Preparation of the National Program for Sub-national Democratic Development
- Socio-Economic Impact Evaluation of C/S Fund
- Revision of Technical Manual and Templates Program for C/S Fund
- C/S Budget Execution
- The Financial Audit of 2007
- Campaign on awareness on land use rights
- Safeguards Monitoring.
- The Study of Technical Assistance Arrangements for the C/S Fund

Workshops. RILGP funds (sometimes in tandem with other funds) supported a number of workshops:

- Annual Work Plan and Budget (AWPB) workshop in Phnom Penh over 8-9 September 2008.
- Workshop on the Revision of Technical Manual and Templates for C/S Fund Projects conducted in Phnom Penh in July 2008.
- Workshop on Safeguards in Sihanoukville over 21-22 October 2008

Annex 2: Project Progress Reports

2.2 MDLF - NRML: NRM in D&D Component

Natural Resource Management work focused on several areas, across all levels of sub-national government and utilized funds from a variety sources. Priority work included implementation of the 2008 AWPB, start up of Provincial GOV-2008 contracts as well as a review of the Provincial GOV-2007 end-of-contract reports in target provinces and municipalities. During the early part of the year, a NRML coordination workshop was conducted aimed at improving coordination and implementation issues among the NRM team. This workshop, on the whole, established specific communication mechanisms between the NRM and Land Management Sub-Component of the PSDD.

2008 NRM in D&D

The 2008 NRM covered primarily investment allocations to 499 communes (this number represented 18 fewer communes compare to 2007 because of overlap with the Tonle Sap Sustainable Livelihood Project), 66 districts and 10 provinces.

C/S NRM&L Investment Funds and Implementation

C/S Investment. For 2008, \$ 1.98 million was allocated to 499 communes in 10 provinces for an average of \$ 4,000 per commune. Information from the C/S NRM&L monitoring sheet shows that there were a total of 546 projects that were distributed among 36 different project types (land, fisheries, water resource, etc.). Almost all (90 %) of these projects were contracted with service providers; of these, 15 % were made with Government Institutions, 59 % with CSO/NGO/CBOs and another 25 % with private sector providers. Based on the C/S NRM&L report, these projects impacted 374,052 beneficiaries (of which 200,247 were females).

Project implementation has progressed in all provinces. On average, 58 % of project work was completed by the end of 2008. Variation in completion rates was due to variety of reasons. However, we can point to several key factors that contributed to slower than anticipated rates. These are hesitation on the part of provinces to contract with NGOs/IOs and inflexible and time consuming process to obtain approval from authorities. In addition, most of the projects awarded to provincial line departments experienced much slower than anticipated contracting and as a result, were terminated to allow contracting with NGOs/CSOs.

Integration of NRM&L service contract package into the PIM. As part of an effort to move from capital/infrastructure to service delivery projects, NRM team provided inputs to develop procedures for a single package service delivery in the PIM review. Service package modalities for NRM&L related projects were developed using field experience, including technical proposal development and costing. These enhancements to procurement of services are now part of the revised PIM.

Improving C/S Contracting of Services with NGOs/CSOs/CBOs. As output to the recommendations derived from the NRM coordination workshop (held on 16-17

January 2008 at Battambang province), NCDD/PST informed NRM field staff in provinces and municipalities about a new payment regime that allows a single disbursement to C/S for 100 % of project costs as opposed to the 2007 provision that allowed for a series of partial payments. NCDD/PST has authorized C/Ss to provide a service package as opposed to a separate contract guidelines in the PIM. NCDD requested that the MEF take into consideration collection tax collection by government for C/S service projects that are implemented by NGOs/CBOs/CSOs. NCDD/PST has not received a reply to this request.

During 2008, C/Ss were active in their engagement of NGOs/CSOs/CBOs to provide services. One year ago, C/Ss engaged only one (Agriculture Technology Service Association) private sector provider. This differs significantly from the number of NGO/CSO/CBO providers engaged this year. The number of these types of contracts has increased to eight in 2008 notably in KPS, KPC and KRT provinces. Indeed, other provinces are moving away from Government Institutions as service providers in NRM. As the data show (through end of June), 324 single service package contracts out of the total of 546 NRM&L related projects have been contracted with NGOs/CSOs/CBOs and another 138 contracts with private contractors. Table below summarizes the number and type of service providers for C/S NRM&L in 2008.

Table: NRM Contracts by Type of Contract in Target Provinces

| Code | Province | Number of Contracts/Projects | | | Total |
|-----------|----------|------------------------------|-------------------|---------------------|------------|
| | | Government Institution | NGOs/ CSOs / CBOs | Private contractors | |
| 3 | KPC | 6 | 94 | 45 | 145 |
| 5 | KPS | 0 | 82 | 0 | 82 |
| 9 | KKG | 8 | 18 | 4 | 30 |
| 10 | KRT | 0 | 46 | 0 | 46 |
| 11 | MKR | 5 | 10 | 6 | 21 |
| 15 | PUR | 0 | 14 | 37 | 51 |
| 16 | RAT | 35 | 40 | 0 | 75 |
| 17 | SRP | 16 | 20 | 33 | 69 |
| 18 | SHV | 9 | 0 | 13 | 22 |
| 23 | KEP | 5 | 0 | 0 | 5 |
| Sub-total | | 84 | 324 | 138 | 546 |
| Percent | | 15 | 59 | 25 | 100 |

Developing NRML related package modalities. One of the challenges in the implementation of NRML related to service provision is the lack of appropriate skills in designing projects. Lack of technical assistance for designing these types of projects have left communes with fewer options for contracting services. In order to assist communes to overcome this challenge, the draft NRML package model contains examples of relevant service projects. To date, more than 20 draft package models have been developed for 2009 C/S NRML project implementation. As well, the PSDD plans a consultancy to develop and finalize NRML model package in 2009.

NRM&L District Investment Funds.

District Investment. In 2008, NRML allocated a total of \$ 1.98 million to 66 districts (for each \$ 30,000/district) in 10 provinces as part of the District Initiative. In total, 326 projects have been selected through a participatory process that prioritized projects. During the year, \$ 968,825 (49 % of total funds) was allocated for infrastructure projects and another \$ 788,074 (44 % of total funds) for service related projects. These funds have been supplemented by \$ 223,100.00 (11 % of total funds) for operation and capacity building at the district level.

District level projects include 233 service delivery projects (140 agriculture, 78 NRM, six water and four land management and five other projects) and 87 infrastructure projects (76 water resources related projects mainly rural irrigation, four rural development projects mainly pond rehabilitation, six natural resource management related to fisheries/ ecotourism and one small scale hydro power project).

NRM&L Summary of DIP Projects as of November 2008

| Province/ Municipality | Projects | | | Budget (\$) | | | Delivery (Pct) | |
|---------------------------|-----------|------------|------------|----------------|----------------|------------------|----------------|-----------|
| | Infra | Services | Total | Infrastructure | Services | Total | Infra | Services |
| Kampong Cham | 17 | 43 | 60 | 240,738 | 106,028 | 346,766 | 12 | 81 |
| Siem Reap | 30 | 33 | 63 | 181,818 | 80,113 | 261,931 | 22 | 67 |
| Pursat | 9 | 28 | 37 | 109,735 | 54,151 | 163,886 | 36 | 95 |
| Kampong Speu | 6 | 31 | 37 | 101,950 | 87,050 | 189,000 | 83 | 96 |
| Sihanouk Ville | 2 | 13 | 15 | 20,251 | 61,683 | 81,934 | 75 | 100 |
| Koh Kong | 6 | 16 | 22 | 127,491 | 29,078 | 156,569 | 63 | 89 |
| Kratie | 10 | 30 | 40 | 79,249 | 60,028 | 139,277 | 0 | 46 |
| Rattanakiri | 2 | 19 | 21 | 40,400 | 192,932 | 233,332 | 0 | 61 |
| Mondulakiri | 4 | 7 | 11 | 30,905 | 102,359 | 133,264 | 0 | 44 |
| Kep | 7 | 13 | 20 | 36,289 | 14,653 | 50,941 | 24 | 63 |
| Grand total | 93 | 233 | 326 | 968,826 | 788,075 | 1,756,900 | 32 | 74 |

By the end of November 2008, 32 % of all infrastructure projects and 74 % of all service delivery projects were completed.

NREM Provincial Investment Funds (PIF)

For 2008, \$ 400,000 was allocated to sectoral support from provincial departments through the PIF mechanism in 10 targeted provinces. This allocation was earmarked for NRM&L related activities in response to the commune's requests. In total, 48 projects were identified. These include 20 agriculture development projects (\$ 141,736), three fisheries (\$ 23,340), 10 projects related to the environment (\$ 52,154), four forestry projects (\$24,000), three tourism projects (\$ 22,800), four water resource management projects (\$ 108,170), one small scale handicraft production (\$ 4,000), two projects focused on culture (\$ 20,800) and one vocational training project (\$ 3,000).

By November, on average, 75 % of all PIF projects were realized, utilizing about 60

% of the total budget funds. The table below summarizes expenditures by province.

Table: Provincial NRM Projects (Allocation, Expenditure, and Balance)

| Province Abbreviation | Allocation (\$) | Expenditure (\$) | Balance (\$) |
|-----------------------|-----------------|------------------|-------------------|
| KPC | 88,500.00 | 39,890.42 | 48,609.58 |
| KPS | 50,500.00 | 45,221.84 | 5,278.16 |
| KRT | 33,650 | 8,374 | 25,276 |
| KKG | 31,250.00 | 6,465.56 | 24,784.44 |
| MDK | 30,152 | 21,077 | 9,075 |
| PUR | 34,389 | 28703 | 5951 |
| SRP | 55,400 | 49,436 | 5,964 |
| RAT | 38,500 | 25,367 | 13,133 |
| SHV | 24,151 | 12,660 | 11,491 |
| KEP | 17000 | 5641.5 | 11358.5 |
| TOTAL | 403,492 | 242,836 | \$ 160,921 |

National Program Support and Consultancies/Studies

Green Book Service Delivery Handbook. The first edition of the Green Book Service Delivery Handbook was finalized in 2008. This followed the issuance of the DRAFT edition that was conducted in 2007. The first edition (6,000 copies) was disseminated to all communes and includes revisions such as a listing of over 200 service providers, standardization of text in Khmer language and contact information for Commune Councils and Government Agencies. As well, the publication received financial support from additional sponsor organisations who bought space in the Green Book to advertise their products and services. It is expected by the year 2010; the Green Book will become financially self-sustaining.

Functional Reassignment. Functional review and reassignment has been planned for the NRM related activities with the involvement of NCDD and GTZ/MoI. However, due to start of work on the new National Program, the planned consultancy for this work was postponed.

Categorical grant. DANIDA initiated a three phase consultancy to design, test and develop a Categorical NRM Grant System. This consultancy was aborted due to the upcoming changes in sub-national administration along with implementation of MEF procedures that would allow recording a NREM categorical grant on-budget.

Awareness of Land User Rights. DANIDA agreed to contribute \$ 59,060 to improve public awareness of land user rights among villagers affected by development projects. These funds were used to design and disseminate posters and leaflets while the RILG/WB funded a broader public awareness raising campaign. Poster and leaflet design were developed and adopted by NCDD/PST. As a result, 33,439 posters and 90,385 leaflets were printed and distributed to all villages and communes. A local NGO was recruited to conduct the public awareness raising campaign. A detailed assessment of this work will be carried out in early 2009.

Indigenous People Legal Entity Registration (IPLER). During 2008, NCDD supported Indigenous People Land Registration while GTZ/MLMUPC supported the Indigenous People Legal Entity Registration. With this institutional arrangement, DANIDA agreed to provide additional funds of \$ 42,000 to DoLA through NCDD to continue support to IPLER. IPLER is now implemented by the Provincial Local Administration Unit of PRDC/ExCom. By the end of 2008, staff (three) has been recruited to work on IPLER at DoLA with the support from one National TA contracted directly with DoLA. As part of this work, institution capacity building has also been strengthened (Indigenous Legal Entity Registration, administrative procedures to address IPLER established, IPLER Working Group and other stakeholders trained, and identification of target villages).

Financial Status of NRM in D&D.

Total budget allocated for NRM in 2008 was \$ 4,846,000. Early in the year, NCDD/PST requested additional funds. DANIDA responded with an additional allocation of \$ 930,279. This funding was allocated to support several new initiatives, including the development an outreach campaign to raise awareness of land user rights (\$ 59,060), Indigenous People Legal Entity Registration (\$ 42,500), NCDD office renovation and network installation (\$ 10,000) and funds carried over from 2007 to cover unpaid obligations. With this addition, the total budget under the NRM in D&D amounted to \$ 5,776,279 in 2008.

Table: Total NRM Allocation by Sub-National Levels

| Level | Planned | Transferred | Disbursed | Transferred | Disbursed |
|--------------|---------------------|---------------------|---------------------|--------------|--------------|
| National | 481,560.00 | 173,789.83 | 173,789.83 | 36.00 | 36.00 |
| Province | 526,856.32 | 275,209.16 | 275,209.16 | 50.20 | 50.20 |
| District | 2,771,863.54 | 1,000,726.94 | 2,421,200.94 | 36.10 | 87.30 |
| Commune | 1,996,000.00 | 1,996,000.00 | 1,996,000.00 | 100.00 | 100.00 |
| Total | 5,776,279.86 | 3,445,725.93 | 4,866,199.93 | 59.60 | 84.20 |

Through November, NCDD/PST transferred \$ 3,445,726 to PRDC/ExCom in the 10 target provinces or 59 % of total allocated funds.

Annex 2: Project Progress Reports

2.3 IFAD Rural Poverty Reduction Project (RPRP)

Executed by Ministry of Agriculture with NCDD as Cooperating Agency
Implementing Agency: Provincial Departments of Agriculture - Prey Veng and Svay Rieng Provinces

1) Key achievements against RPRP AWPB 2008:

By the end of the year, RPRP completed 53 % of its activities and expended 53 % of its financial resources.

For the agriculture component of this project there are thousands of beneficiaries. These include 10,400 farmers (of which 3,419 were females) that were selected for LIG and FSI group members; 1,620 farmers (of which 361 were females) who participated as either private suppliers or village animal health workers and fishpond/lake refuge members. RPRP targeted 13 districts, 83 communes and 611 villages.

RPRP local development component completed 69 projects at Prey Veng (32 projects were canceled). Another 64 projects were completed at Svay Rieng. RPRP targeted 16 districts, 148 communes and 1,039 villages for this component.

For institutional support, coordination between ExComs, PDAs, PDoWAs and CCs is being conducted in the delivery of services to clients. However, several key challenges remain such as 1) coordination between MAFF PSU, MEF and NCDD, 2) improvement in management of flow of funds and 3) management issues of D&D systems. The MoWA and PDoWA identified constraints in training needs related to gender mainstreaming (including concepts and analysis).

Major meetings and workshops conducted at the provincial level:

At the national level MAFF PSU organized 5th Policy Guidance Meeting, to review 1) project progress against project achievements, 2) review recommendations from UNOPS Supervision Mission/Mid-Term report, and 3) project exit strategy and sustainability activities.

The 8th Technical Meeting was conducted with participants focusing on several key topics. The first topic related to agriculture. The Meeting agenda included discussion of issues related to cost of agriculture equipment and increase of prices of inputs; group fund capital; vocational training; group saving; incentive support to group leaders and village extension workers; farmer cooperatives. The second topic focused on local development and instructional support. These agenda items addressed encouragement of planning and budgeting committee to withdraw the money for LCBOs; strengthen the M&E commune focal persons; strengthen the capacity of gender analysis; guidelines for micro and small enterprise; data collection and accumulation; inter-project workshops; annual O&M budget; and CCs demobilization of funds.

The 9th Technical Meeting was conducted with participants focusing wrap up activities related to development process to establish Agricultural Extension Service Association; second level results for RIMS table; exit strategy; District Initiative Program (DIP); and use of the Revolving Fund.

The follow up mission was conducted to review the physical and financial progress of each project. This involved tracking issues and problems with project implementation; review audit report; updated progress against the UNOPS supervision mission and Mid-Term Review recommendations.

At the provincial level, PDAs organized the annual retreat workshop; monthly provincial meetings; NREM training; animal production and extension approach to Village Animal Health Workers, farming management training, group revolving fund and gender mainstreaming.

A physical audit of the CIDF took place to assess the performance on planning and procurement processes, quality of services delivered and works, institutional capacity and coordination, governance, maintenance and sustainability of the rural infrastructure facilities, management of the commune accounts and assessment of flow of funds.

MoWA survey, developing the guidelines of micro and small scale enterprise for women group as food processing; handicraft; and vocational training.

IFAD Mission to assess the positive and negative impact of rising food prices on rural poor and vulnerable families and impact of rising commodity prices on delivery of service, work planning and budgeting and procurement of goods and civil works.

IFAD Mission reviewed the progress of two projects, Rural Poverty Reduction Project and Rural Livelihood Improvement Project.

2) Key challenges and constraints towards achieving the project objective:

1. Issues :

- Lack of cash flow due to: (i) insufficient opening balance in the Special Account and Project Accounts at the beginning of the year; (ii) large amounts of unspent cash balance at the CIDF accounts in Provincial Treasuries; (iii) use of the Special Account for purchase of fertilizers; and (iv) delays in financial reporting caused by staff turnover.
- Rising prices along with enforcement of tax regulations resulting in: (i) re-bidding 2008 CIDF projects; (ii) several contractors abandoning 2007 CIDF contracts, and (iii) impact on the cost of living and morale of project staff.

2. Solutions :

Liquidation of Expenditures and Financial Reporting

- ExComs, the NCDDDS and MAFF PSU will liquidate all expenditures and the Special Advances.
- MAFF PSU will process all expenditures and submit WAs to IFAD for replenishment of the Special Account
- MAFF PSU will request the MEF to release quarterly advance for October-December 2008
- ExComs shall release Special Advance to the provincial line implementing agencies regardless of the amount of outstanding balance related to Special Advance
- NCDDDS will reconcile all SoE reports / cash balances for all CIDF accounts at the National and Provincial Treasuries with report submission to the MAFF PSU.

Improved Financial and Cash Flow Management

- The FU of ExComs with the support from Provincial Finance Advisors will help PDAs to reconcile the Special Advance on time.
- The MAFF PSU and NCDDDS will monitor timely financial reporting.
- IFAD will consider accepting WAs with a value of more than \$ 50,000.
- The MAFF PSU will send the original WAs to the WB Division of the Dept of Investment and Cooperation of the MEF and copy the Administration Department at MEF in order to speed up the processing of the WAs.
- ExCom will ensure that financial and procurement issues are included in the Monthly Implementation Meeting with all key project staff.
- The MAFF PSU, NCDDDS/PST, Excoms, PTs and all implementing agencies at the sub-national levels will maintain a tracking register for financial reporting updated on a monthly basis.
- MAFF-PSU in coordination with Provincial Finance Adviser will provide training in the operations of Special Advance to all concerned project staff on expenditure category and procedure for Special Advance request/clearance.

3. Key challenges :

- Arrange the draft documentation for project impact assessment, including the results of a project impact survey and Result and Impact Management System (RIMS).
- Conduct wealth ranking as part of the group maturity assessment.
- Organize inter-workshop of infrastructure, review the recommendations of assessment on the implementation; guidelines and regulations; roles and responsibilities of LCBOs through D&D reform.
- Prepare for support to Most Vulnerable and Women-headed Families for vulnerable groups.
- Finalize MoWA guideline on small scale enterprise and gender mainstreaming in agriculture.
- Organize and finalize logical framework and RIMS indicators.
- Strengthen existing group and maturity assessment as part of exit strategy.

3) Financial:

| Component | Budget Plan (\$) | Transferred (\$) | Disbursed (\$) | Percent Transferred | Percent Disbursed |
|-------------------|-------------------------|-------------------------|-----------------------|----------------------------|--------------------------|
| National level: | 249,790 | 164,917 | 111,141 | 66 | 44 |
| Provincial level: | 3,653,832 | 1,749,416 | 1,813,581 | 47 | 49 |
| TOTAL | 3,903,622 | 1,914,333 | 1,924,723 | 49 | 49 |

Annex 2: Project Progress Reports

2.4 IFAD: Rural Livelihoods Improvement Project (RULIP)

Executing Agency: Ministry of Agriculture

Implementing Agency: Provincial Departments of Agriculture - Kratie , Preah Vihear and Ratanakiri Provinces

Co-Financing: UNDP/PSDD

Key Achievements against RULIP AWPB 2008

A. Livelihoods Improvement :

The achievement of the Rural Livelihoods Improvement Project (RULIP) was centered on several areas including agriculture development (60 % completion rate), gender mainstreaming (73 % completion rate) with financial contributions coming from IFAD (55 %) and RGC (35 %). RULIP targeted areas include 16 districts, 19 communes and 38 villages. There are 36 (of which 3 are female) provincial staff, 80 district staff (of which 21 are female), and 38 commune extension workers (of which 24 are female) working in three provinces.

1. Livelihood Improvement Groups :

The vast majority (80 %) of RULIP planned activities have been completed in 2008. In total 38 Livelihood Improvement Groups or LIG have been formed. There were 931 families (of which 157 are female) chosen as members of the LIGs. As well, for these groups, a total of 114 team leaders (of which 45 are female) were selected. The group leaders have all attended three day training session on revolving fund management. Additionally, trainings were provided to all group members on a variety of topics commensurate with their needs and skill levels.

2. Farming System Improvement Group :

In regard to Farming System Improvement Group, about 90 % of the planned work has been completed. In total, 32 new master trainers were trained at the IPM farmer school and upon completion will be able to continue to transfer skills to others. As part of this activity, 38 Farming System Improvement Groups were formed with active participation by 926 families. Moreover, 96 field demonstration projects were established by participating group members. Some examples of demonstration projects include expansion of rice intensification, enhanced rice production techniques, vegetable production methods along with animal husbandry projects related to methods to enhance swine and chicken breeding.

3. Complementary Support Programme :

The majority of work of the Complementary Support Programme has been completed (57 %). CSP finalized 19 AEA surveys. As well, 3 Village-level Animal Health Workers Association were established with 59 VAHW participants (of which 7 are females). CSP formed 16 young farmer clubs to include activities to support animal husbandry projects. In total, 16 integrated farming systems demonstration projects were selected, functioning at sufficient levels to enhance farming outcomes.

4. Agriculture Support Service :

a. Material Support:

In total, 67 % of planned activities have been achieved including procurement of 153 motorcycles, 39 desktop computers, 12 laptop computers, 38 laser printers, one laser color printer, one scanner, 39 UPS, three USB drives, eight photocopies machines, 27 fax/phone machines, 5 LCD projectors and 15 digital cameras.

b. Staff Training :

In the second year, additional training programs were conducted for PST, DST and CEW. These included RIM survey design, AWPB preparation, ToT for IPM master trainers, project orientation,

financial management, community concept development, agronomy methodology, animal husbandry techniques, and gender concepts among others.

c. Workshops at Provincial Level :

All in all, three project orientation workshops were conducted at the provincial level along with 19 district orientation workshops. Regular monthly meeting are held with participation from PST, DST and PDWA representatives.

5. Gender Mainstreaming :

Under this component, about 70 % of all planned activities have been achieved. During the reporting period, key outputs related to gender mainstreaming were enhanced through organization of training events on the gender mainstreaming concept and the forum on gender strengthening.

B. Support for D&D in Agriculture

1. Support for Provincial Agriculture Investment Programme :

The MAFF-PSU provided training for capacity building, technical support, policy guidance and coordination for the project implementation at both national and provincial levels. This was done through a variety of techniques, including study tours (11 staff 4 from MAFF-PSU , one from MEF, six from RULIP province joined a study tour in Yunnan China for 7 day period). The objective of the tour was to enhance the knowledge of the project implementation agencies at the national and provincial level in upland agricultural development. In addition, MAFF-PSU and YAAS have made an agreement for sharing information, technical assistance and cooperation in the areas of upland agriculture.

2. Policy Analysis :

In the past several months, activities related to policy analysis were completed to enhance understanding of agriculture issues in areas of production and finance. These included organization frameworks, trainings and rapid assessment of rising prices on rural sector. Concurrent with these activities, the project compiled documents related to policy formulation from different sources (ADMAC, RPRP, CBRDP, and RULIP).

3. Support for Gender Mainstreaming in Agriculture :

Over the last nine months of 2008, the gender focal point at national level provided services for design of training programs on gender concept to three target provinces. Moreover, they participated in the technical meetings and observed the baseline study organized by MAFF-PSU.

4. Learning Community :

Progress was made by 30 September 2008, the Live & Learn NGO has achieved six of their deliverables. These include: 1) draft workplan, 2) inception report, 3) stakeholders coordination, 4) assessment of the formal and informal learning communities structures, 5) issuance of the results of RAP assessment, and 6) methodology and strategy advancement.

2) Key challenges and constraints towards achieving the project objective

1. Issues :

- RULIP is new project associated with the upland agriculture. The project requires staff to learn from the experiences of others in the field in order to develop appropriate models and techniques.
- The beneficiaries of RULIP are mainly ethnic minorities who are required to develop appropriate models and techniques to advance agriculture.
- Rising food prices in the project areas has greatly affected staff, beneficiaries, and procurement of goods.

2. Solutions :

- The MAFF-PSU will cooperate with other institutes to conduct training and give their limited capacity to enhance human resources in the three provinces.
- IFAD has conducted a rapid assessment of the impact of rising food price on the rural poor and vulnerable families in project areas and impact of rising commodity prices on service delivery, work plan and budget preparation and procurement of goods and works.

3. Key challenges :

Coordination between MAFF PSU, Ministry of Economic and Finance for project flow of fund and project management in agriculture through the decentralization and de-concentration systems. Especially, gender mainstreaming in agriculture with Ministry of Women Affair.

3) Financial Results (as of 31 October 2008) (USD):

| Component | Budget Plan | Transferred | Disbursed | Pct. Transferred | Pct. Disbursed |
|----------------------|------------------|----------------|------------------|------------------|----------------|
| National : | | | | | |
| 1. IFAD | 396,532 | 70,000 | 231,015 | 18 | 58 |
| 2. RGC | 65,862 | 7,603 | 8,151 | 12 | 12 |
| Provincial : | | | | | |
| 1. IFAD | 1,610,498 | 614,854 | 865,286 | 38 | 54 |
| 2. RGC | 221,370 | 7,309 | 92,813 | 3 | 42 |
| Total IFAD | 2,007,030 | 684,854 | 1,096,302 | 34 | 55 |
| Total RGC | 287,232 | 14,912 | 100,965 | 5 | 35 |
| Grand Total : | 2,294,263 | 699,767 | 1,197,267 | 39 | 52 |

Annex 2: Project Progress Reports

2.5 Canada: Agriculture Development in Mine Affected areas of Cambodia (ADMAC)

Executing Agency: Ministry of Agriculture

Implementing Agency: Provincial Department of Agriculture Forestry and Fisheries and Mine Action Planning Units of Battambang, BanteayMeanchey and Pailin Municipality

1) Key achievements against ADMAC AWPB 2008 :

For year 2008, DMAC projects are 80 % completed. These projects targeted 6 districts, 35 communes and 159 villages. Staff number 96 (of which 20 were females) who come from provinces, districts and communes. The total budget is \$ 952,253 with 2008 expenditures amounting to \$ 589,362 (62 % of total budget funds).

I. Agriculture Component :

a) Production Start-up Program (PSP) :

- 6,160 chickens to PSP farmers serving 1,540 families in Battambang year 2007.
- Revolving fund's capital and interest was entirely (100 %) paid back and fund is being managed in an open and transparent manner.
- Refresher training to PSP farmers 4,898 persons (of which 2,678 were females) on method of the revolving fund use, chicken, cattle and animal feeding, corn, soybean, fruit tree production, rice intensification, and NREM.
- Study tour conducted for group leaders 822 persons (of which 353 were females) to gain experience with management of the revolving fund; fish farming, rice intensification, pig and vegetable production.
- Training to the group leaders 372 persons (of which 159 were females) on management of the revolving fund and book keeping.
- 1,960 farmers (of which 1,229 were females) attended field day on pig & vegetable production, fish farming, pig and vegetable production, fruit tree and chicken raising demonstrations.
- 735 farmers (of which 388 were females) attended in PIA & EA assessment.
- Emergency fund provided to the farmers 30 families that were affected by the drought.

c) Agricultural Improvement Program (AIP) :

- 7,462 farmers (of which 3,547 were females) received refresher training on vegetable, soybean production, animal raising, feeding, composting.
- 818 farmers (of which 480 were females) attended the 1st and 2nd field day of UIFS demos: vegetable harvesting, animal vaccination, pig feeding and economic analysis .
- Provided water system to the UIFS five sites.
- 630 farmers (of which 337 were females) attended PIA &EA assessment.

- VEWs 47 persons (of which 11 were females) were selected to participate in training events on rice, fruit tree, corn cassava production and review animal raising techniques.

d) Agriculture Micro-finance (AMF) :

- 1,679 families (of which 588 were female headed families) of PSP-AIP from 8 target communes in 2007 agreed to participated in ADMAC MF scheme and formed into CSCGs and bank account opened for 8 CSCGs at the district level.
- CSCGs Board Directors and Board Auditors and members of CSCGs trained on: record keeping, statutes and regulations of CSCG, CSCG loans and development fund, format on loans application and loan disbursement.
- Updated individual member saving 0.5% per month to maximum loans of saving of CSCGs 2006-2007. As of August 2008 total amount 83,275,000 riels equal to \$ 20,818.
- Amount of \$ 187,281 of Individual Maximum Loan Limits disbursed to the 2,551 members of CSCGs.
- 2551 families received 1st and 2nd loans with shared capital 20,115,000 riels (\$ 5,028).
- Members pay interest to CSCG \$ 14,806.
- PMFO received interest income from CSCGs in the amount of \$2,582.
- CIDA evaluator conducted a review and audit of the CSCGs. International Micro-Finance Consultant to review the Midterm evaluation with the MAFF PSU, PMFO and the Boards CSCGs, develop a strategic response to the Midterm review evaluation, review the audit process, conducted training on delinquency management and reporting was completed in March and November 2008.
- Refresher training to MFEWs on Micro-Finance techniques and Agriculture Cooperative.

e) Implementation Support to PDAs (IS) :

- DTSTs & CEWs received refresher training on recording of the demos., revolving fund record, review PIA&EA, crop and animal raising techniques, management of the community.
- Study tour to outside province to learn the experience of RPRP and AFSC project implementation.
- Workshop to Evaluation the Annual Provincial Sub-Contract 2007 implementation.
- Monthly and Semi Annual Meeting to discuss on progress of project implementation, issues solution and next workplan.

f) Gender Mainstreaming (GM) :

- Farmer PSP& AIP have increased knowledge of gender mainstreaming during training on agriculture techniques.
- PTSTs,DTSTs,CEWs,MFEWs,MAPUs and ExCom received refresher training on violence within families, protection to the victim, and gender analysis in agriculture.

g) MAFF Project Support Unit :

- Technical Meeting have also improved coordination with project partners through discussion of the revolving fund, PIA and EA format and review the report of the International Micro-Finance Consultant mission to audit the CSCGs group 2006 to ensure standardized format. The agreed format will be implemented in 3 provinces/ municipalities.
- Training provided to M&E ExCom and MAPUs staff on Result Base Management and Report writing.

II. Mine Action Component :

- MAPUs conducted commune extension processes to collect landmine data in 64 communes involving a total of 1,799 participants (of which 265 were females) including commune council members, village leaders, and village de-mining Committees. This consultation process resulted in request for clearing on 984 landmine sites covering 63,089 hectares and effecting 9,682 families.
- District workshop resulted in validation and prioritization of mine clearance planning for 2009, prioritization of mine clearance was recommended for 269 landmine sites comprising an area of 1,489 hectares for 1,529 beneficiary families.
- Provincial workshop conducted by PMACs in collaboration with the MAPUs involving participation of relevant government agencies, line departments, IO/NGOs, and related organizations, district mine clearance leaders, commune leaders, de-mining agencies and other development agencies. 114 participants (of which 3 were females) designated Landmine affected areas and planned landmine clearance for 2009. A total of 110 landmine sites were recommended for landmine clearance comprising a land area of 585 hectares (land areas available for agriculture 99 hectares for 666 beneficiaries.
- CMAC/HALO Trust advised local authorities that 211 landmine sites cleared totaling an area of 827 hectares (land available for agriculture production equaled 401 hectares to benefit 964 families).
- Temporary land title certificates were prepared for 246 families that included 43 female headed families, and 50 families (of which 6 were females) received land title certificate. MAPU staff received training on GIS Database.

2) Key challenges and constraints towards achieving the project objective :

1. Issues :

- The Midterm Review of Micro-Finance recommended MAFF PSU to write the ADMAC Micro-Finance Strategy for 2010-2013 for CIDA.
- The Gender Focal staff from PDoWA in BMC and PLN requested to have salary supplement as Gender Focal staff from PDoWA in BAT \$ 80/month.

2. Solutions :

- MAFF PSU in cooperation with the International Micro-Finance Consultant and GSI Field Project Manager, prepared a draft of ADMAC MF strategy and Agriculture Extension for 2010-2013 and submit to GSI.

3. Key challenges :

- As results of the Annual meeting of CSCGs Board on 23-25 October 2008 with PMFO,MAFF PSU and International Micro-Finance Consultant, the members promised to continue to implement the CSCGs group if CIDA will not continue its support after year 2008 rather than accepting the amalgamation of the CSCGs to others MFIs.

3) Financial Achievement (USD):

| Component | Budget Plan | Transferred | Disbursed | Percent Transferred | Percent Disbursed |
|------------------|--------------------|--------------------|------------------|----------------------------|--------------------------|
| National : | 45,367 | 34,815 | 30,066 | 76 | 66 |
| Provincial : | 906,886 | 503,937 | 559,295 | 56 | 61 |
| TOTAL | 952,253 | 538,752 | 589,362 | 57 | 62 |

Annex 2: Project Progress Reports

2.6 UNICEF/Seth Koma

The results of the Mid Term Review, conducted jointly with the Government provided useful insights into the key results and areas for improvement for the remainder of the Country Programme. The Mid Term Review was conducted using participatory techniques and helped to build ownership and understanding of key results and the required changes. As a result of these discussions, the Programme developed a concept paper and log frame to guide and better communicate its activities over the period 2009-2010.

Water, Sanitation and Hygiene: UNICEF provided support to Provincial Departments for Rural Development (PDRDs) to achieve the following results in 2008:

- Approximately 2,675 families and 78,350 students (from 193 primary schools) in the six priority provinces have benefited from access to improved water supply facilities.
- 45 villages – of the 212 new villages supported to implement the CLTS approach– have been declared ‘Open Defecation Free’ (ODF).
- Approximately 37,750 students in 93 primary schools have been given access to improved school sanitation facilities.
- 10,000 wells have been tested for arsenic and 2,500 wells were found to have an arsenic content above the Government standard of 50 parts per billion. Some 35,000 families using these contaminated wells have been informed about arsenic through community-based orientation sessions. Of these, 1,500 families have been supported to obtain alternative water supplies. The 2007 knowledge, attitudes and practice (KAP) survey and results of the regional evaluation of AusAid support to arsenic mitigation (2008) contributed to strengthening this approach.
- Technical support provided to MRD through a recent short-term consultancy in 2008 highlighted the need for a more strategic plan in applying the PHAST methodology that has been further simplified to promote its feasibility, as well as continued capacity building of the PHAST team at both national and sub-national levels.

Taking advantage of the opportunities afforded by IYS, UNICEF supported MRD to introduce new and improved advocacy and communications approaches to advance the sector’s key messages. Initiatives include:

- Provincial advocacy meetings on rural sanitation and hygiene, chaired by the then Secretary of State, HE Yim Chhai Ly, were conducted in 17 of the 24 Cambodian provinces and attended by approximately 5,860 people including 1,252 Commune Councilors. Each meeting has been extensively covered by local TV channels.
- In collaboration with the Ministry of Education, Youth and Sports, approximately 240,000 students from 727 primary schools and 4,200 other children participated in Global Hand Washing Day celebrations on 15 October 2008.

- In collaboration with MoWA, approximately 4,200 children from 166 Community Pre-Schools (CPS) in six provinces, together with their parents and teachers, participated in hygiene education activities, including the Global Handwashing Day celebrations.
- Six provinces were supported to plan and implement rural sanitation and hygiene campaigns through special events such as National Dengue Prevention and Global Handwashing Days.

Leveraging resources for children: Early in 2008, the UNICEF team started working more closely with the monitoring and evaluation (M&E) team from Project Support to Democratic Development. UNICEF contributed to the TWG sub-group discussions by analyzing provincial-, district- and commune-level investments. In quarter 2, the UNICEF team undertook its own analysis of data from the national contracts database at MoI and the District Planning Matrix at MoP. The results show that UNICEF is having a positive impact on raising local demand for and investment in social services. However, these investments often do not respond to the original requests and are usually financed by donors rather than communes' own resources. The results of this budget analysis are being fed into the discussions on the revision of the national district planning and budgeting process with government and technical cooperation personnel.

Strengthening Capacity of Sub-National Governments: UNICEF supported several skills building and networking forums for Commune Focal Points, Female Councilors and Female Village Chiefs (approximately 1,500 participants). It contributed to strengthening the role of an additional 111 Commune Committees for Women and Children (CCWCs) through forums to allow them to exchange ideas and experiences around: i) ensuring that children and women access improved local social services; ii) identifying local responses or referrals for households not accessing key services; and iii) monitoring the situation on a monthly basis in partnership with service providers. In addition, 422 communes received budget support to facilitate greater access to selected local social services. Example activities included:

- Parenting Education in 283 villages benefiting 12,674 parents. The contents included maternal care and development for young children (0-3 years).
- 44 Commune Councils constructed 67 shelters and mobilized in-kind and cash contributions from the communities.
- 176 communes were supported to manage 870 commune pre-schools that benefited 18,766 children. This approach is being adopted by the Fast Track Initiative (FTI) fund and expanded in other provinces.

UNICEF supported an Annual Review meeting to help facilitate a more strategic partnership with MoWA. This meeting included assessing and strengthening the Ministry's support to CPS, parenting education and domestic violence. It also provided support for MoWA to participate in the national Policy on Early Childhood Care and Development (ECCD) to ensure its experience from existing CPS and Parenting Education is fed into the Early Childhood Development (ECD) Policy development.

Local Monitoring of Key Progress Indicators for Children: In quarter 3, UNICEF provided technical support to a national level workshop to establish CCWCs in all 24

provinces with funds from UNDP, SIDA and DFID. UNICEF provided regular technical guidance to the Government's planning and reporting process for these committees nation wide, and particularly in relation to data collection of key progress indicators for children. UNICEF also facilitated several study visits with government and technical cooperation personnel.

Monitoring, study and evaluation activities: Seth Koma is developing an M&E strategy that includes more qualitative monitoring techniques, such as *Most Significant Change* and Video Case Studies, and that aims to track social change at the commune level and bring local voices into the policy space. UNICEF is also providing technical support to the M&E team at the National Council for Democratic Development to develop a more comprehensive Management Information System. In 2008, the Programme also conducted several small studies, including:

- **Regional arsenic evaluation:** Initial findings presented by independent consultants highlighted a commendable response by the Government, with support from UNICEF, towards arsenic issues in Cambodia.
- **CLTS evaluation:** Initial findings by the evaluation team indicate good results in promoting demand for sanitation, mobilizing communities to reach at least the first rung of the sanitation ladder (by building and using simple and affordable toilets to stop open defecation), and contributing to government awareness and commitment towards rural sanitation improvement.
- **Local Governance for Child Rights Evaluation:** An independent evaluation (November 2008) found that this component is making a significant contribution to the capacity of local governments to facilitate access to improved local service delivery for children (see iii above for constraints). Initial findings have been shared with the UNICEF office and key stakeholders. The final report is due at the end of December, 2008. The most significant positive differences between UNICEF priority and non-priority provinces were:
 - Greater *awareness* among commune communities and local officials of child rights and practical actions to address them.
 - Greater *capacity* on the part of local government officials to take concrete action and to monitor progress towards the realization of child rights.
 - Greater *collaboration* between local authorities and service providers such as health centers and schools to achieve results. In non-priority communes, commune focal points and councilors tend to work more independently.
 - Communes are engaged in a broader *range* of social development priorities, particularly relating to health and education outcomes for children.
 - Commune Councils have *authority and influence* over community practices and are using this to improve the coverage of services.
- The KAP study on the role of the Commune Focal Points for Women and Children was finalized and translated into Khmer to share with key counterparts in the first quarter of the year. The results of the KAP study are being used by a wide range of partners as the study provides important information on the everyday activities of the communes.

Key partnerships and inter-agency collaboration:

UNICEF is working with ADB and WSP to support the development of a National Rural Water, Sanitation and Hygiene strategy. All three agencies have supported MRD to develop a TOR for a team of consultants to facilitate the strategy development process and to conduct the recruitment process. ADB and UNICEF are jointly financing the initiative (with ADB covering the first four months and UNICEF the remaining eight months). With an increasing number of donors expressing interest in investing in the sector, UNICEF has begun discussing the introduction of a programme-based approach with a first step of getting a formal agreement from existing donors to align around the National Strategy.

Annex 2: Project Progress Reports

2.7 EC-UNDP: Democratic Development and Local Governance (DDLG)

DDLG is a five year project funded by the European Commission (EC) and UNDP to support “Democratic and Decentralized Local Governance” implemented by the Ministry of Interior.

With a large number of decentralization projects aimed at supporting the transfer of responsibilities and strengthening capacities at the sub-national levels, the particularity of DDLG is to support local democratization and development process at the lowest sub-national level (e.g.: Communes and Sangkats) through three complementary interventions (project components):

- Creation of voice and accountability mechanisms to improve dialogues, promote partnerships and accountability, and facilitate capacity development;
- Creation of a network of commune councils at the provincial and national levels as an institution to strengthen the role of CCs in the decentralization process; and
- Support to pro-poor inter-commune cooperation (ICC) projects or joint undertakings to contribute to local area development.

Expenditures versus 2008 approved budget

| Expenditures by Component (USD) | Approved Budget | % Against total budget | Actual Expenditures as of 30 Nov plus est-exp in Dec | Total Balance |
|---|------------------|------------------------|--|------------------|
| Creation of voice and accountability mechanism | 285,335 | 7% | 271,991 | 13,344 |
| Establishment of C/S association | 291,094 | 7% | 161,372 | 129,721 |
| Inter-commune cooperation for pro poor projects | 2,855,188 | 72% | 2,179,220 | 675,968 |
| Project administration and management | 542,507 | 14% | 275,073 | 267,434 |
| Total | 3,974,124 | 100% | 2,887,656 | 1,086,468 |

DDLG coordination and management

- The DDLG 2008 Annual Work Plan and Budget (\$ 3,974,124) was endorsed by the EC Regional Office based on the recommendations of the Project Steering Committee (PSC) meeting of 18 December 2007.
- With the adoption of the Organic Law, project strategic directions were reviewed so as to take actions on critical management issues. The project is expected to be adjusted to be more effective and focus to contribute to the next D&D national programme.
- The arrivals of the new international staff (i) Project Coordinator-Advisor, (ii) Policy Advisor (DDLG/NCDD-S) and (iii) Local Governance Advisor.

- DDLG and NCDD/PSDD have agreed to setup a charts of accounts (COA) using the Peachtree accounting software and NCDD national contract database (for ICC funds).
- The 2007 financial operations and accounts of MOI, NLC/S and provinces (10) were audited by KPMG. Audit recommendations are now implemented by MoI/DoLA and the NLC/S. Spot checks to follow up the issues raised by auditors and implementation of recommended actions exercised by UNDP Country Office to the DOLA/MOI, NLC/S and the provinces of RAT, KPC, KKG and PNP.
- MoI/DoLA hosted a study tour (27 May 2008) for a Vietnamese delegation from the Multi Sector Rural Development Project (Quy Chau). DDLG shared its experience on creating of voice and accountability mechanism, C/S associations and ICC projects.
- Project coordination meeting was organized with participation of the NLC/S, MOI counterparts and DDLG project team to discuss key issues and challenges and agree on strategic direction including a number of ongoing discussions on work planning, budgeting and implementation.
- At the request of the NLC/S, the project agreed to cover the participation of a NLC/S and MoI Delegation to attend the UCLG regional congress in Thailand (July 2008).
- EC financial verification mission come on board from 2 to 4 July 2008. The mission of 3 auditors from the EC court of auditors in Brussels checked and verified proper use of EC fund through UNDP. 2007 annual financial report and supportive documents of particular expenditures and physical outputs (ICC projects in Kandal) were checked and verified true.
- Due to the coming national election the Project Steering Committee mid-year meeting was conducted 23 September 2008, while a Project Mid-Term Review was conducted from 17 November to 5 December 2008. Two debriefing meetings were separately done for the heads of EC and UNDP and MOI/NLC-S practitioners on preliminary findings and recommendations.
- DDLG is preparing a Capacity Development plan to strengthen systems and capacities of the DDLG Working Groups. Individual learning plans (over 1 and 2 years) will be proposed to the Working Groups members. As a result, nine ICC members and one DDLG staff successfully attended VBNK course on project management.
- EC conducted Result Oriented Monitoring Mission 20-23 October to seek the information on the implementation results of the project as well as on impacts the project made on stakeholders. This mission is crucial in order to improve the programming and implementation of future projects by the EC.
- Project retreat on formulation of 2009 annual work plan and budget conducted on 28 October. Formulation process and concept was discussed and agreed among project teams. This is an important step for key personnel of the project to think ahead the needs to be achieved by 2011. 2009 AWPB was finalized and will be submitted to PSC meeting in mid January 2009 for endorsement.
- It was agreed that 2009 ICC fund allocations for 12 provinces and municipalities shall be calculated based on current C/S formula by giving different weights for poverty at 50 %, population at 20 % and equal shares at 30 %. Based on calculations, big provinces and municipalities would get higher and small and poor provinces would get less comparing to 2008 budget allocations. Therefore, there is a need to readjust the calculations based on

implementation performance of each provinces/municipalities in order to make them more equitable.

Component 1 &2: Creation of Voice and C/S Associations

- The NLC/S hosted a southeast regional workshop in Siem-Reap to share experience related to Local Government Associations (LGA) with participation of LGA from Netherlands, Indonesia and Nepal.
- Three regional forums on D&D were organized in Svay Rieng (for region 6-PVG/SVR) and Kampot (for region 5-KAM/TAK/KEB) and region 3 (Kandal Province). These events gave the opportunity for the Senate and key Ministries to present strategic issues and for Commune Councilors to address their concerns directly to Senators and Ministries' representatives. In addition, NLC/S and MOI organized consultative workshop (forum) between representatives of 12 ministries and representatives of 24 PAC/S (3-4 Nov 2008) in order to discuss on un-transparency of bidding process of C/S development projects and lack of supports from ministries to C/S project proposals.
- The NCDD Chairman endorsed the "C/S Best Practice Award Programme" (14 March). The preparation of the programme implementation is under discussion among three parties including NLC/S, CCSP and MOI.
- The NLC/S conducted consultations and training workshops and organized congresses for the establishment of eight PAC/S in the provinces of OMC, PVR, PUR, STG, MDL, KPS, BMC and KTE. Up to date, all 24 PAC/S established and formally registered at MOI.
- The 6th and 7th NLC/S Ex-Com meeting was conducted in Pailin (7-8 May 2008) and PHN (19-20 August 2008). During these events, the 18 provincial associations have shared progress reports, called for the support of PLAU to address emerging concerns, approved the 2007 NLCS annual report as well as the NLC/S 2008 first quarter report and second quarter work plan and budget. In quarter 4, NLC/S organized 4th national council meeting on 2-3 Dec 2008 at Siem Reap province in order to disseminate the 2008 achievements of NLC/S, to discuss and approve AWP/B for year 2009 and activities proposed by sub-committees.
- Consultative workshop on organic law conducted from 14-16 October 2008 in order to identify an implication of this law to current duties and functions of C/S councils. In last six months of year 2008, NLC/S had played important role in contributing to reform process of sub-national levels and organic laws through dialogue and advocate at vary meetings and workshops organized by NCDD.

Component 3: inter-commune cooperation for pro poor projects

- 10 Provinces/municipalities (44 districts/Khans) using 2007 ICC guideline for their 2008 ICC-funding project selection and management cycle.

- ICC Project Guideline was revised with more focus on C/S management and consistent with PIM. This guideline was approved in May 2008 and two more provinces were selected for piloting this revised process i.e. Kampot and Banteay Mean Chey (10 districts/Khans) in this ICC-funding cycle.
- The ICC revised guideline was presented to concerned NCDD and DI working group members for comments and suggestion.
- ICC non-infrastructure management was drafted and would be finalized after the revised PIM at the end of 2008.
- Total of 613 staffs (76 female) from ICC targeted 12 provinces/municipalities trained in ICC revised guideline for 2009-funding cycle by national ICC working group members.
- Total of 2,318 provincial staffs (of which 429 were female), district authorities, district technical staffs, C/S project management committee (PMC) members trained in ICC project management at provinces and municipalities.
- As of end of October 2008, 44 ICC contracts which account for 55 % of total allocated investment for 2008 (\$ 1,645,800-not including operation allocation) signed between ICC/PMC and contractors. Out of these 44 ICC contracts, 17 contracts have completed.

Annex 2: Project Progress Reports

2.8 World Bank: Land Allocation for Socio-Economic Development (LASED)

Background

The Land Allocation for Socio-economic Development Project (LASED) 2008-2013 was approved in June 2008 and is now operational with a total budget amount of \$ 11.5 million. The project consist of 4 components which include commune-based social land concession (SLC) planning and land allocation, community development services and investments, sustainable and transparent SLC program and development and project management and administration. The project is implemented in 3 target provinces of Kampong Cham, Kratie and Kampong Thom, 3 districts and 8 communes.

Achievements

- LASED team established consisting of staff from DoLA and Department of General Administration of the Directorate of Local Administration
- ExCom bank accounts for LASED of the three provinces established.
- A total budget amount of \$ 32,367 has been transferred to the provinces for implementation of the AWPB from October-December 2008
- As a result, concession lands for socio-economic development were allocated to more 500 poor families in 2 communes of Kratie province
- Preparation for lot drawing for land allocation to about 360 families in commune of Kampong Cham province
- In Kampong Thom Province, registration of concession land of about 10,000 hectares for the poor people conducted
- A guidance on financial management prepared and sent to target provinces
- Draft 2009 AWPB formulated and submitted to the WB for no objection. In 2009, a total of \$ 3.38 million has been programmed in support to the 3 provinces on land use planning, land identification and allocation, investment to support poor families on social services and infrastructure such agriculture extension, drinking water facilities, health education and some operational supports to ExCom and NCDD/PST
- On civil works, land clearance and installation of concrete boundary posts, construction and water supplies (wells) conducted
- On MBPI and PMG, a MOU between MOI, CAR, MEF and WB on incentives for LASED team and subnational staff members drafted
- On procurement, the procurement of goods such as vehicles, motorbikes, computers and other office equipment has been prepared and submitted to IPA
- The procurement of one international advisor and 2 national advisors also submitted to the IPA.

Annex 2: Project Progress Reports

2.9 World Bank: Demand for Good Governance - One Window Service Office (OWSO)

Background

One Window Service Office and Ombudsman Office Project (OWSO) is a four-year project from 2009-2012 which will be executed under overall management of NCDD. The DST will manage the project on day-to-day basis on behalf of the NCDD. The project builds on experience of pilot project on OWSO in Battambang and Siem Reap districts and expands to 22 provincial town and urban districts in the whole country. In the first year, the project will be expanded to 7 new target districts of Takhmao (KDL), Thbong Khmom (KPC), Steung Sen (KTM), Ochrov (BMC), Peam Ro (PVG) and Kratie (KRT).

Achievements

- In early 2008 a District Support Team (DST) established to manage the project on daily basis
- In May 2008 an Inter-ministerial advisory committee (TAG) established and signed by the Deputy Prime Minister to provide policy support to the DST in particular on transfer of functions from relevant line ministries to the OWSO
- In June 2008, a Government decision on the establishment of OWSO was signed by the Prime Minister which allows for expansion and establishment of the OWSO in districts, Khans and municipalities in other provinces besides Battambang and Siem Reap
- Based on above decision, legal instruments for the implementation of the OWSO have been drafted such as Prakas on establishment and functioning of the OWSO, on election of ombudsman chief, internal rules of the TAG etc
- As part of the project activities, a baseline study for impact evaluation of the OWSO was conducted in June with assistance from the WB consultant
- In 2008 the project proposal was finalised and approved by the World Bank in September with a total budget amount of 4.7 million US dollars including 1.2 million US dollars of contribution from the Royal Government of Cambodia. This contribution includes constructions and renovations of 15 OWSO buildings in year 2 and 3, incentives for DST and OWSO staff based on MBPI and PMG and operational costs for the OWSO from year 2 of the project
- Yet on the RGC contribution, DST prepared a letter to MEF on the contribution from the RGC to the OWSO project
- Regarding the MBPI and PMG, a MOU between MOI, CAR, MEF and WB on incentives for DST and OWSO staff members drafted
- In November 2008, feasibility study and design of 7 new OWSO buildings in 2009 were done and will be finalised in early 2009. Estimated cost of each building is \$50,000

- In December 2008 the DST was able to conduct a pilot Citizen Forum in Battambang and Siem Reap districts with participation from district and khan governors of new OWSO in 2009
- On capacity building the DST team received training which were conducted DFGG on accounting and procurement procedures
- On consultancy, an OWSO advisor on operation was recruited in December 2008 through IPA. The consultant has commenced this work with project since 22 December 2008
- Procurement on the OWSO equipment and materials has been prepared
- Workplan for 2009 has been drafted. A total budget amount of \$ 1.1 (including RGC contribution on MBPI and PMG for national and subnational staff incentives) has been programmed to support the target districts and operations at national and ExCom level. These activities include preparation and renovations of OWSOs and equipment, prepare and conduct training on various functions transferred by national level to the OWSO staff members, organize citizen forums, conduct information campaign on OWSO through different means, conduct regular evaluation on performance of the OWSO and operational supports to the District Support Team (DST) of NCDD and ExCom.

Annex 2: Project Progress Reports

2.10 UNCDF: Innovations in Decentralization and Local Development

The project has been implementing with the overall oversight by the NCDD Secretariat. The project currently has two components related to reform of subnational government.

- Component 1. “Promoting local innovations, deepening the ongoing District Initiative and supporting the emergence of a two-tier administrative system”
- Component 2. “Advancing the Fiscal Decentralization reforms”

The implementation of UNCDF/IDLD was delayed due to issues surrounding project team mobilization. The Program Advisor position was filled on 8th December 2008 following the recruitment of the Finance Advisor (who started the duty on 14th July 2008). In addition to these two positions, it is expected that there will be one Junior Project Officer.

Component 1: Supporting the Emergence of a Two Tier Administration at the District Level

This component promotes local innovations and is intended to deepen the work initiated for the District Initiative and support the emergence of a two-tier administration system at the subnational level.

The aim of this component is focused on the creation of a pilot the two-tier administration once District Councils are elected in May 2009. This work was envisioned to test systems with four pilot districts. It was also contemplated to formulate a block grant to districts along with the designing a system for budget preparation and execution and financial management.

As it stands, the design of the project preceded the passage of the Organic law. Thus, project design is not consistent with the legal framework and needs to be modified to conform to the provisions found in the Organic Law.

The design of the district planning process has now been proposed through technical assistance of an international consultant with the participation from inter-ministerial working group, drawing on members from various Ministries, including Interior, Planning and Finance along with advisors from UNDP/PSDD and UNDP/DDLG projects. This work will conform to the provisions found in the Organic Law and will be used as input to the redesign of the IDLD project.

NCDD requested UNCDF to continue support in formulation of the District Planning process and to expand beyond the District Level to include provinces and municipalities.

A newly redesigned project will be finalized by the end of 2008 and is expected to be implemented in 2009 pending UNCDF approval.

Component 2: Advancing the Fiscal Decentralization Reforms

The main activities implemented under this component focused on capacity building in the areas of local finance (Ministry of Economy and Finance), field monitoring and data collection for 2008 CS budget execution, CSF cash transfer and 2009 CS Fund allocation. It is expected that dissemination will take place in early 2009 with focus on provinces/municipalities and commune/sangkats.

The D&D working group of Ministry of Economy and Finance has finalized the draft law on new Finance Regime and Property Management for sub-national administrations. In draft form the law was submitted to the NCDD. Technical support from UNCDF is still required to support this component as additional international expertise is still required to complete the Law.

The UNCDF/IDLD agreed to support this work with issuance of draft TOR, pending approval of UNCDF regional office and availability of consulting services of suitable candidate.

Annex 3: Status of 2007 and 2008 CS Fund Projects

This annex provides a summary of the status of 2007 and 2008 CS Fund projects resulting from two rounds of surveys undertaken by PSDD in agreement with the World Bank. Following the rise in global fuel prices and the subsequent rapid increase in the cost of nearly all supplies and construction materials in Cambodia in the second half of 2007, CS Fund project implementation was seriously effected as estimated construction costs were far less than actual costs. In the first quarter of 2008, reports from the provinces reflected slow rates of project implementation and disbursement, abandoned contracts, reluctance of private companies to engage with high risk CS projects and subsequently failed bidding meetings. In order to have a more comprehensive picture, a national survey was undertaken by NCDDS and PSDD in the second quarter of 2008 and then updated at the end of September. The results of the survey are summarized in the text and the tables below.

1. 2007 CS Fund Projects

As tabulated below, a total of 1,936 contracts were signed under 2007 CS Fund financing. Of this total, 39% were completed by the end of the calendar year and 61% were carried over into 2008. Projects normally cannot commence implementation until roughly 40% of the funds required are available in the CS account, (to pay for 50% of the completed work). For infrastructure projects the contract payment schedule calls for three payments: (a) a first payment of 40% on completion of 50% of the work; (b) a second payment of 40% on completion of 100% of the work; and (c) a retention payment of 20% six months after the work is complete and has been inspected to ensure it meets the specifications of the contract. (The retention payment is not applicable to very small contracts, but these are few.)

The agreed cash transfer schedule to Commune/Sangkat accounts at the Provincial Treasuries for 2008 typically calls for cumulative transfers of 40% of the total annual allocation to be transferred by around May or June and 80% to be transferred by around September or October. Since the credit transfers and cash allocations are pro-rated across Communes, sufficient cash does not actually accumulate in an individual Commune's account for the initial 40% contract payments until June and for the second payments until October. The accumulated cash is used to pay for both the Administrative and Development components of the C/S Fund operations, and these have been separately "ring-fenced" so that expenditures can only be made against each of allocated components. Thus, even if 40% has been accumulated in a C/S account there will be insufficient funds to commit to all the contracts and the C/S Council will have to decide which contracts are committed and which must be postponed until the next cash transfer is received. A combination of these factors means that the main project implementation period often coincides with the rainy season leading to the high level of carry over projects into the following year.

The issue of this mis-matched cash transfers to the implementation cycle, (which is dependent on the construction season being completed before the onset of the rainy season), was one of the key findings of the Budget Execution Study and the issue has been addressed by the Ministry of Economy and Finance.

The Ministry has revised the payment schedule with cumulative transfer amounts of the total, (both the Administrative and Development components), as follows: (a) by end February: 20%; (b) by end April 40%; (c) by end June 60%; (d) by end August 80% and (e) by end October 100%.

However, since many projects can be completed within one month of commencement, the above payment schedule does not completely solve the problem of cash availability for the timely payment to contractors which, in turn, sometimes results in bidding and/or contract failures. A review of how the revised cash transfer will improve contract performance in 2009 will be carried out and, if improvements are needed, these will need to be addressed by the MEF.

The unavailability of cash does not, in itself, fully explain the high levels of carryover, particularly in 2007. Most of these projects are small and could have been completed within one month, so most could have been completed in the three-month period of September-December, but some were not.

An explanation of why some 2007 projects that were carried over but were not completed within January to April 2008 is that contractors were not, unsurprisingly, willing to carry out the works at prices considerably below actual market prices due to high price inflation of construction materials, fuel and labor costs. (This is illustrated by the fact that the cost of school construction rose by 70% in the period January 2007 to April 2008.) Indeed, in some cases contract estimates would have been based on price surveys more than twelve months old, i.e. from December 2006. Thus high inflation has significantly contributed to the high bidding and contract failure rate in 2007/2008.

In prior year's construction and fuel price inflation in Cambodia has been relatively small and so its effect has been minimal and adsorbed by Contractors. The contracts are intended to be of a short duration so that unit prices are fixed and inflation is unlikely to affect the prices. The contracts are of small value and so they do not include price escalation clauses. And it is considered unrealistic to include such clauses in future contracts since reliable and timely data on fuel, materials and labor prices is not readily available in Cambodia and this would be difficult to implement at C/S level and to manage C/S budgets and cash transfers.

Table 1 Status of 2007 C/S Fund projects

| 2007 CS Fund Projects | Projects | % |
|---|-----------------|----------|
| Total Contracts Signed (end December 2007) | 1,918 | |
| Total Contracts Completed (end December 2007) | 755 | 39% |
| Total Contracts Carried over into 2008 | 1,177 | 61% |

As a result of the above constraints, a considerable percentage of CS Fund projects from one year are implemented during the dry season of the following year. As reflected in the table below, (to the end of June 2008), of the total number of 2007 carry over contracts, 61% were completed in the first half of 2008 and another 15% were under implementation. Significantly, 20% of the carry over contracts were not started and another 4% started and then abandoned by the contractor.

Table 2 Status of carryover projects at the end of June 2008

| 2007 Carryover CS Fund Projects | Projects | % |
|---|-----------------|----------|
| Total Contracts Carried over into 2008 | 1,177 | |
| Total Carry over Contracts completed (end June 2008) | 719 | 61% |
| Total Carry over Contracts under implementation | 175 | 15% |
| Total Carry over Contracts not started | 235 | 20% |
| Total Carry over Contracts started but then abandoned | 48 | 4% |

Comparing the table above with the table below, during the rainy season in the period from June to September 2008, the completed carryover projects increased by 16% from 61% in June to 77% in September. Notably, only 3% of the carryover projects that were not started in June began to be implemented in the rainy season and half of the carryover projects that started and abandoned in June were completed by other contractors through negotiation.

Table 3: Status of Carryover Projects at the end of September 2008

| 2007 Carryover CS Fund Projects | Projects | % |
|---|-----------------|----------|
| Total Contracts Carried over into 2008 | 1,177 | |
| Total Carry over Contracts completed (end Sept 2008) | 903 | 77% |
| Total Carry over Contracts under implementation | 78 | 7% |
| Total Carry over Contracts not started | 202 | 17% |
| Total Carry over Contracts started but then abandoned | 25 | 2% |

Of the 202 carry over contracts that were not started in the third quarter of 2008, 79% were reported as having been abandoned by the contractor. The remaining 22% had not yet been abandoned meaning that the contractor had not yet given up on the contract.

Table 4: Nature of 2007 Carry-over Projects

| 2007 Carryover CS Fund Projects not Started | Projects | % |
|--|-----------------|----------|
| Total Carry over Contracts not started | 202 | |
| Total Contracts not started but not yet abandoned | 45 | 22% |
| Total Contracts not started and abandoned | 159 | 78% |

Combining those contracts which had been started but then abandoned (25) and those that had never started, (202), (and were confirmed as abandoned), results in a total of 227 abandoned contracts. Of this total, payments on only 17 contracts, or 8%, had been made prior to the contract being abandoned.

Table 5: 2007 Abandoned Projects

| 2007 Carryover CS Fund Projects Abandoned | Projects | % |
|---|-----------------|----------|
| Total abandoned contracts (2007) | 222 | |
| Total abandoned contracts with some payments made | 17 | 7% |

Reviewing the main causes behind contracts being abandoned, reveals that 57% were abandoned due to the dramatic increase in material and fuel costs, 9% due to one

contractor having been awarded too many contracts, 26% due to the increase in tax liabilities following contract signing, 4% due to no access roads to the project sites, (and the contractor being unwilling to carry out the works at rates well below present market prices), 3% due to duplication of projects with other agencies and 1% for other reasons.

A follow up assessment to determine how the 2007 contracts (227) that were abandoned in 2008 was conducted and the information, as of late November 2008, is below.

As reflected in the table below, of the 227 year 2007 abandoned contracts, 4% (equivalent to 10 contracts), were directly negotiated with other contractors to continue the construction works either at the original contract prices or using the remaining payment from the contracts that had failed; another 68%, equivalent to 155 contracts, were either re-estimated or combined with 2008 projects and were successfully bid in 2008; while another 12% are under preparation for bidding in 2008. Due to the late notice of the contract failures, the budget of the 35 failed contracts which is equivalent to 15% will be carried over into 2009.

Table 6: 2007 Abandoned Projects

| 2007 Abandoned Projects | Projects | % |
|--|-----------------|----------|
| Total Failed 2007 Contracts | 227 | |
| Total 2007 Contracts Negotiated | 10 | 4% |
| Total 2007 Abandoned Contracts successfully re-bid in 2008 | 155 | 68% |
| Total 2007 Abandoned Contracts preparing for bidding in Dec 08 | 27 | 12% |
| Total Abandoned 2007 Contracts Carried over to 2009 budget | 34 | 15% |

Table 7: Main causes of abandoned 2007 Projects

| Main Cause of Abandoned Contracts | Projects | % |
|--|-----------------|----------|
| Total abandoned contracts (2007) | 222 | |
| a) Implementation delayed and costs increased | 124 | 56% |
| b) Contractor overloaded with too many contracts | 25 | 11% |
| c) Change in tax status (real regime) | 55 | 25% |
| d) No access road to the site | 8 | 4% |
| e) Change of project location | 0 | 0% |
| f) Project implemented by other agencies | 7 | 3% |
| g) Other reason | 3 | 1% |

When it became clear that seven (3%) of the contracts were abandoned by Contractors the Commune Councils arranged for the contracts to be implemented by other agencies.

Summarizing the status of 2007 CS Fund projects as of third quarter of 2008, 83% of the total contracts signed were completed, 3% were still under implementation, 11% have been abandoned and 2% have not yet started but were not yet abandoned.

Table 8 Summary for 2007 C/S Fund Projects

| 2007 CS Fund Projects Summary | Projects | % |
|--|-----------------|----------|
| Total Contracts Signed (by end December 2007) | 1,936 | |
| Total Contracts Signed in 2008 by end September 2008 | 67 | |
| Cumulative Total Contracts Signed (by end September 2008) | 2,003 | |
| Total Contracts Completed (in 2007 & 2008 to end September 2008) | 1,658 | 83% |
| Total Carry over Contracts under implementation | 78 | 4% |
| Total abandoned contracts | 222 | 11% |
| Total Contracts not started but not yet abandoned | 45 | 2% |

2. 2008 CS Fund Projects

Within the current CS Fund implementation cycle, during the first quarter of the calendar year projects that have been selected and budgeted by CS Councils undergo feasibility studies in preparation for bidding meetings which are organized successively from one to another district in each province depending on accessibility of the project sites. As reflected in the table below, as of the end of the third quarter 1,637 projects had been advertised for bidding and 1,494 projects or 91% have been already bid.

Table 9 Status of 2008 Projects

| 2008 CS Fund Projects Bidding | Projects | % |
|---|-----------------|----------|
| Total CS Projects advertised for bidding (end of September) | 1,637 | |
| Total CS Projects bid (end of September) | 1,495 | 91% |
| Total remaining CS Projects for bidding | 142 | 9% |

As can be seen in the table below, of the total of 1,495 projects bid, 80% were successfully bid while another 20% have failed.

Table 10 Failure of 2008 Projects

| 2008 CS Fund Projects Bidding | Projects | % |
|---|-----------------|----------|
| Total CS Projects that have been bid (end of September) | 1,495 | |
| Total CS Contracts failed bidding | 306 | 20% |
| Total CS Contracts Awarded (based on competitive bidding) | 1,184 | 80% |

Reviewing the main cause of bidding failure reveals that in 28% of the cases no bids were received as the contractors were not interested due to real regime tax; in 11% of the cases due to out-of-date cost estimate; in 17% of the cases due to monopoly on materials ; in 15% of the cases the lowest bid price was too high and not accepted by the CS Procurement committee; in 18% of the cases the project sites were too difficult to access; in 3% of the cases the bidding was cancelled due to evidence of collusion and in 8% of the cases the bidding failed due to other reasons.

Table 11 Main causes of failure of 2008 Projects

| Main Cause of bidding failure | Projects | % |
|--|-----------------|----------|
| Total CS Contracts failed bidding | 306 | |
| a) No bids received/no contractors interested due to real regime tax | 86 | 28% |
| b) No bids received/no contractors interested due to out of date cost estimate | 35 | 11% |
| c) No bids received/no contractors interested due to monopoly on materials (laterite) | 53 | 17% |
| d) Lowest bid price too high and not accepted; | 46 | 15% |
| e) The project sites are too difficult to access | 55 | 18% |
| f) Cancel bidding results due to collusion | 8 | 3% |
| g) Other reasons (not specified) | 23 | 8% |

Of the 1,239 contracts awarded, 95% were based on bidding results and another 5% were negotiated after failing bidding several times.

Table 12 Contract award for 2008 Projects

| 2008 CS Fund Contracts Awarded (end of September) | Projects | % |
|---|-----------------|----------|
| Total CS Contracts Awarded | 1,239 | |
| Total CS Contracts Awarded (based on competitive bidding) | 1,184 | 95% |
| Total CS Contracts Awarded (through negotiation) | 68 | 5% |

Of the total of 1,239 CS Fund contracts awarded, 28% have been already completed, 23% are under implementation, 48% were still not yet started and 0.5% were abandoned by contractors.

Table 13 Status of 2008 C/S Fund projects at end September 2008

| 2008 CS Fund Projects Implementation (end of September) | Projects | % |
|--|-----------------|----------|
| Total CS Contracts Awarded | 1,239 | |
| Total CS Contracts have been completed | 349 | 28% |
| Total CS Contracts under implementation | 289 | 23% |
| Total CS Contracts not yet started | 595 | 48% |
| Total CS Contracts abandoned | 6 | 0.5% |