CAMBODIA DONOR COORDINATION ASSESSMENT

Evolving assistance environment, evolving coordination challenges

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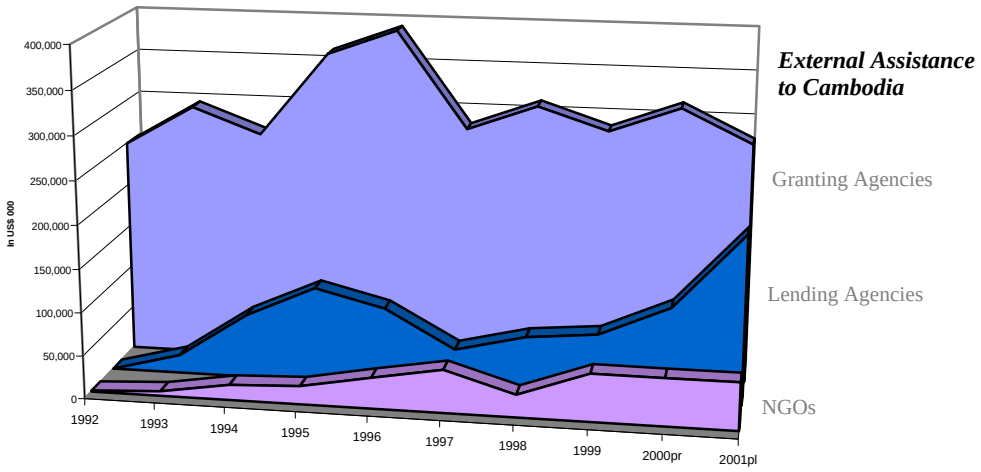

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DONOR COORDINATION ASSESSMENT

Executive Summary

Cambodia continues to be heavily dependent on foreign assistance and thus, external assistance continues to play a vital role in national development. Although Cambodia's GDP grew at an average of 4 percent per year over the period 1996 to 2000, and progress is being made in mobilizing government revenue, external assistance was still equivalent to an average of 15 percent of GDP from 1998 to 2000, and 138 percent of the national budget. External assistance in the year 2000 was equivalent to approximately $40 per capita. The overall deficit in this period was nearly completely financed from foreign sources (96 percent), and 73 percent of capital expenditures were foreign financed.

Although overall assistance levels remain high at approximately $500 million per year, the nature of development assistance is changing in a number of ways:

- *Sectorally*, there has been a shift from a heavy emphasis on humanitarian assistance and relief to an increasing emphasis on social sectors. Assistance to the agriculture, forestry and fisheries sector has declined. Donor assistance for industry and trade development has been negligible. Economic management and development administration absorbed a very high proportion of external assistance in the first government however this has fallen significantly in the first three years of the second government, with most of the decline in the economic management sector (i.e., balance of payments and budget support). The transport sector has absorbed a fairly consistently high proportion of total external assistance since 1992 at 10 to 13 percent.

- The *types and terms of assistance* are also changing. Free-standing technical cooperation grants continue to be the most important form of assistance – but this has been declining since 1998. Investment project loans have increased significantly in recent years and are expected to continue to increase into the future (i.e., World Bank, ADB). With the resumption of assistance from the IMF, loans for budgetary aid and balance of payments support are also expected to increase.

- The changing nature of the assistance environment can also be seen in the distribution of contributions from different *types of assistance agencies*. Assistance from donors that primarily provide grant assistance is leveling off or even declining. Although official development assistance is fairly stable globally, the overall state of the global economy and emerging new priorities in other parts of the world may make it difficult for Cambodia to continue to attract high levels of assistance. NGO support is also fairly level and is affected by similar global issues. The growth in overall external assistance levels in Cambodia is primarily coming from lending agencies.

Japan is by far the largest bi-lateral donor, providing nearly $90 million per year, however this is likely to decline in the near future. Although not reflected in official statistics, assistance from China is reported to be some $30 million a year; China is also the source of substantial foreign direct investment. The U.S., Australia and France have each contributed around $20 million per year over the past two years, with the U.S. largest donor in the health sector. Other important bi-lateral donors include Sweden, Germany, the UK and the Netherlands at $8-16 million per year. Japan, Australia, France and Germany all implement projects directly with the government. Australia, Sweden, the UK and the Netherlands channel significant portions of their assistance through UN agencies. Nearly all the major donors channel a portion of their assistance to donor-country NGOs and/or local NGOs.

The international development banks and most other multi-lateral and major bi-lateral donors primarily work with the central government. Official development assistance in the form of loans is growing while grant assistance has leveled off and is likely to decline in the near future. With the Royal Government of

Cambodia (RGC) as the primary client, emphasis has been placed on strengthening the government (policy, infrastructure, systems, capacity). Strengthening of civil society or the private sector is carried out only as accepted and/or controlled by RGC institutions.

There are numerous mechanisms for government-donor-NGO coordination in place. Where there is a clear convergence of interests these mechanisms seem to be functioning relatively well. Coordination mechanisms have been put into place in the health and education sectors. The Health Sector Reform Program came out of collaborative process and the Ministry of Health is working with its partners to develop a sector-wide approach for managing future assistance, and articulate a MoH strategy for 2002-2007. The Education Sector Strategy and Support Plan have been developed with broad-based support. Mechanisms are in place for ongoing monitoring of these plans.

Coordination and collaboration is more difficult in other areas. Related to democracy and governance, the various donors, the RGC, and the NGOs have different points of view on the desired outcome. Although donors have exercised tremendous pressure on issues related to human rights, legal and judicial reform, administrative reform and anti-corruption, relatively little progress is being made in these areas.

CAMBODIA DONOR COORDINATION ASSESSMENT

A. General context

Continuing importance of external assistance to Cambodia

External assistance continues to play a vital role in national development

Cambodia continues to be heavily dependent on foreign assistance, and external assistance continues to play a vital role in national development. Although Cambodia's GDP increased at an average of four percent per year between 1996 and 2000 and progress is being made in mobilizing government revenue, external assistance was still equivalent to an average of 15 percent of GDP from 1998 to 2000, and 138 percent of the national budget. The overall deficit in this period was nearly completely financed from foreign sources (96 percent), and 73 percent of capital expenditures were foreign financed. External assistance in the year 2000 was equivalent to approximately $40 per capita, a substantial sum compared to the per capita income of $267 estimated for that year.

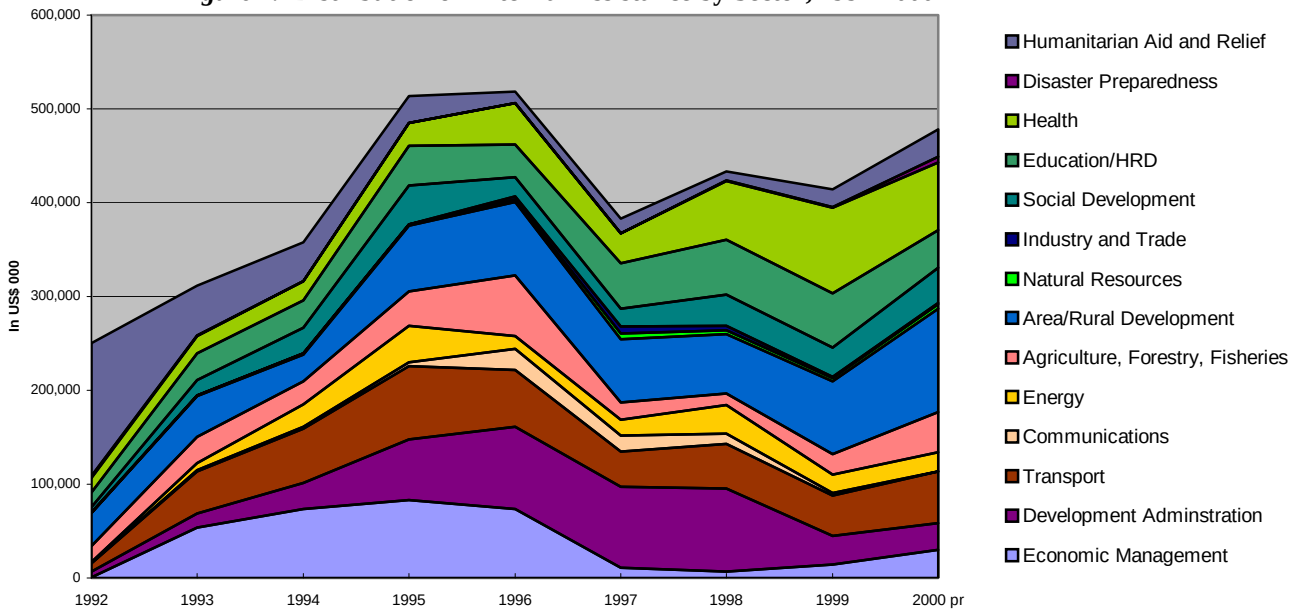
Changing nature of assistance

The nature of external assistance is changing in many ways

Although external assistance has played an extremely important role in the country since the signing of the Paris Peace Accords in October 1991, there are important trends in the nature of assistance that need to be taken into consideration in the formulation of development assistance and donor coordination strategies. The internal political crisis in mid-1997, together with the Asian financial crisis later that year, certainly affected aid flows. Other conditions within Cambodia and within the global political-economic environment are also shaping the evolving nature of external assistance to Cambodia.

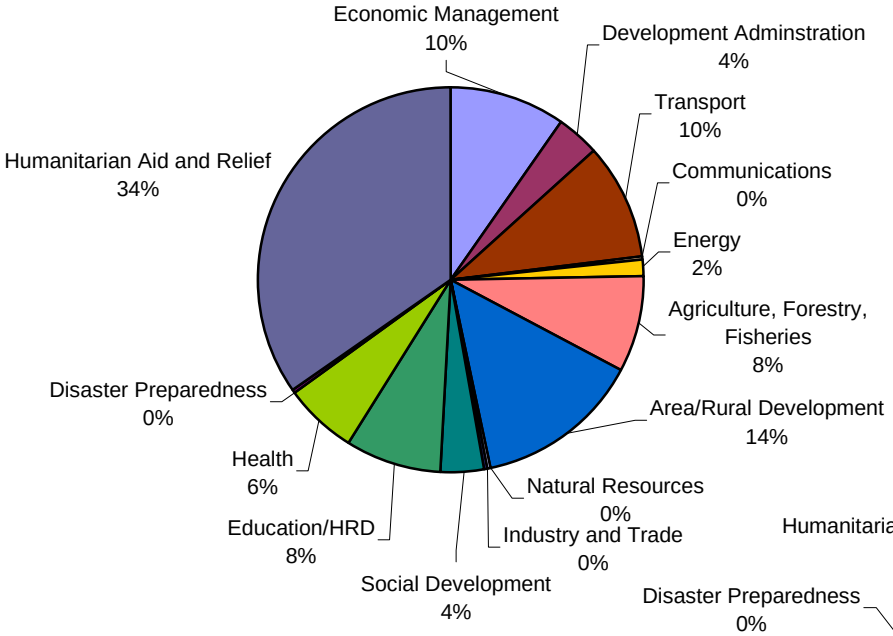
Changes in the ***sectoral distribution*** of external assistance over time illustrate how government and donor priorities are evolving. Figure 1 below shows the distribution of assistance by sector from 1992 to 2000, as well as total assistance levels over this time period. The charts on the next page (Figure 2) show the sectoral distribution of assistance during the 'Untac' period (1992-1993); the first government mandate (1994-1997); and, the second government mandate (1998-2000). Although there are recognized short-comings in the information reflected in these charts, some general trends can be discerned.

Figure 1. **Distribution of External Assistance by Sector, 1992-2000**

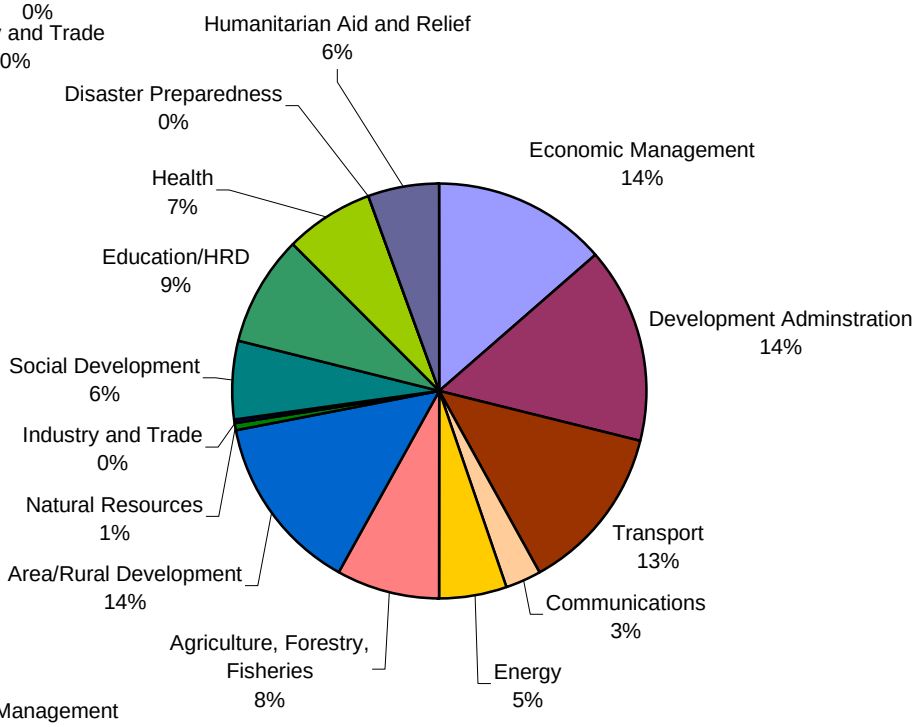


Source: CDC/CRDB (2001), Development Cooperation Report 2000

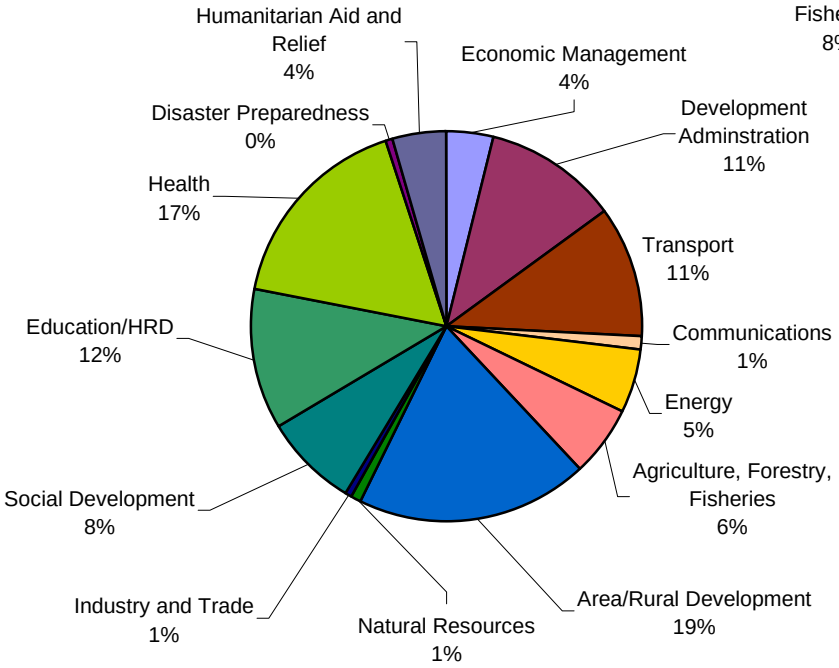
Figure 2:
Distribution of External Assistance by Sector



'Untac' Era: 1992-1993
Total: US$ 562 million
Avg. per year: US$ 281 million



First Government: 1994-1997
Total: US$ 1733 million
Avg. per year: US$ 443 million



Second Government: 1998-2000
Total: US$ 1326 million
Avg. per year: US$ 442 million

Source:
CDC/CRDB (2001), Development Cooperation Report 2000

Cambodia has moved away from the heavy dependence on *humanitarian assistance and relief* that characterized the period prior to the first general elections in 1993 when 34 percent of all external assistance was reported in this sector. In recent years, humanitarian assistance and relief has been mostly associated with flood relief and comprised only 4 percent of total external assistance disbursements.

External assistance has shifted from a heavy emphasis on humanitarian assistance and relief to an increasing emphasis on social sectors

Area and rural development has been consistently high, increasing to 19 percent in the second government from an average of 14 percent in the previous two time periods.

Support for the *social sectors* has also increased. *Health* sector disbursements expanded significantly comprising 17 percent of total external assistance expenditures in 1998-2000 up from 6 percent in the Untac era. The *education* sector's share increased at a somewhat lower rate to 12 percent in 1998-2000 from 8 percent in 1992-1993. The *social development* sector increased to 8 percent from 4 percent in the Untac era.

Support for physical infrastructure has remained consistently high

The *transport* sector has absorbed a fairly consistent high proportion of total external assistance over all three time periods at 10 to 13 percent. Assistance to the *energy* sector increased from 2 percent in the Untac era to 5 percent in the first government and has remained fairly constant at this level in the second government.

Support in other economic growth related sectors has been relatively small

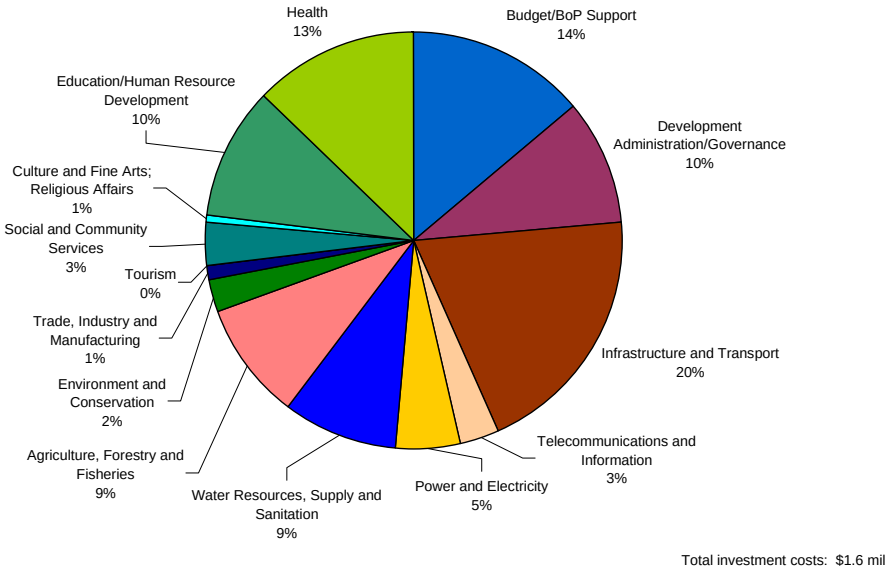
Assistance to the *agriculture, forestry and fisheries* sector has declined from an average of 8 percent in the Untac era and the first government, to 6 percent in the current government. Agriculture is the primary sector of employment for 75 percent of the labor force, however productivity is very low by regional standards. Donor assistance for *industry and trade* development has been negligible. This would seem to reflect the government's emphasis on private sector-led development however would seem to overlook the need for technical assistance and capacity building for institutions responsible for developing and promoting equitable economic growth in the country.

Economic management and development administration absorbed a very high proportion of external assistance in the first government at 28 percent of total assistance. In the first three years of the second government, this proportion dropped to 15 percent, with most of the decline in the economic management sector.

Figure 3 on the next page shows the sectoral distribution of the Public Resource Mobilization Program for 2001-2003 as presented by the RGC at the Consultative Group (CG) Meeting held in Tokyo in June 2001. The data reflected in this chart is based on information from the Public Investment Program (PIP) database. This chart only includes resources committed or sought from external sources; commitments of RGC resources have been taken out. Although the categories used in the PIP system and the Development Cooperation Reports (DCR) are slightly different, some comparisons are still possible.

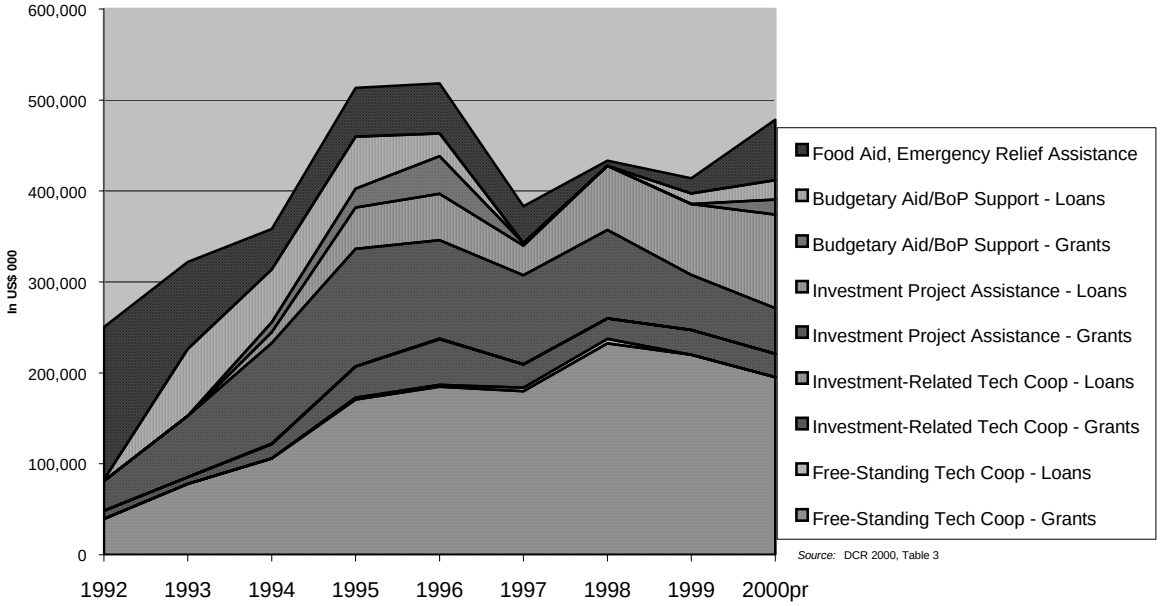
The general distribution is fairly consistent with the distribution of assistance in 1998-2000. However, the RGC's resource mobilization program for 2001-2003 includes a higher proportion for budget and balance of payments support (14 percent), and infrastructure and transport (20 percent). The request for the agriculture is also slightly higher at 9 percent, compared with 6 percent of the 1998-2000 external assistance disbursements. Although the proportion of assistance for the health sector is somewhat lower at 13 percent (17 percent in 1998-2000), 44 percent of the RGC's expected contribution to the PIP was earmarked for health activities.

Figure 3. **ODA/Public Resource Mobilization Programme 2001-2003**
Resources from External Sources



The ***types and terms of assistance*** have also changed over the past ten years as shown in Figure 4 below.

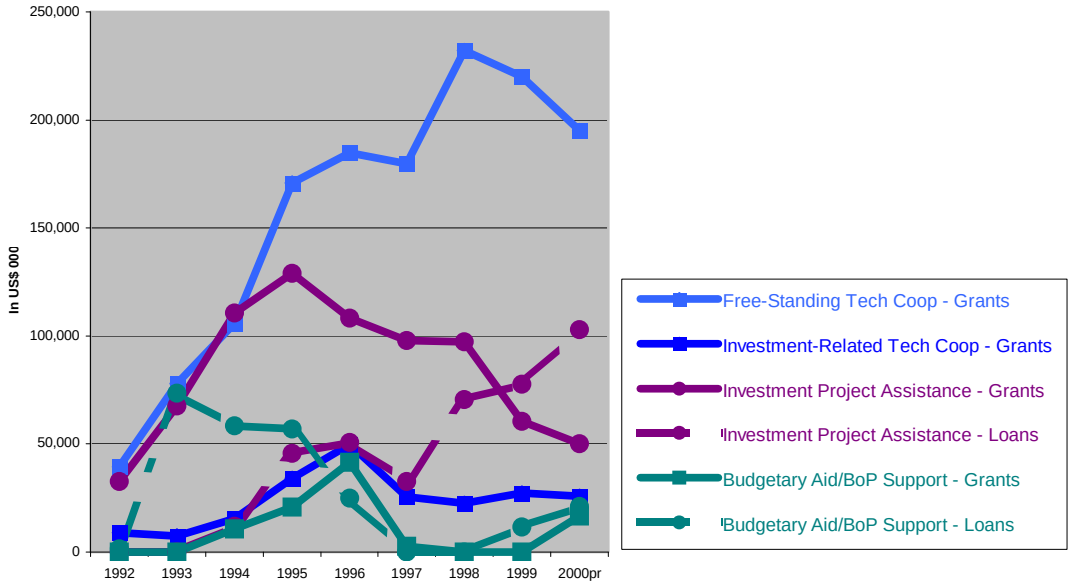
Figure 4. **External assistance disbursements by types and terms, 1992-2000**



Increasing importance of loans and lending agencies

All forms of assistance declined in 1997 and then rose back up in 1998, however not to the 1995-1996 levels. Free-standing technical cooperation grants continue to be the most important form of assistance – but this has been declining since 1998. Investment project loans are up significantly and are expected to continue to increase into the future (i.e., World Bank, ADB). With the resumption of assistance from the IMF, loans for budgetary aid and balance of payments support is also expected to grow. These trends can be seen even more clearly in Figure 5 below.

Figure 5. **Trends in Assistance Disbursements by Type and Terms, 1992-2000**

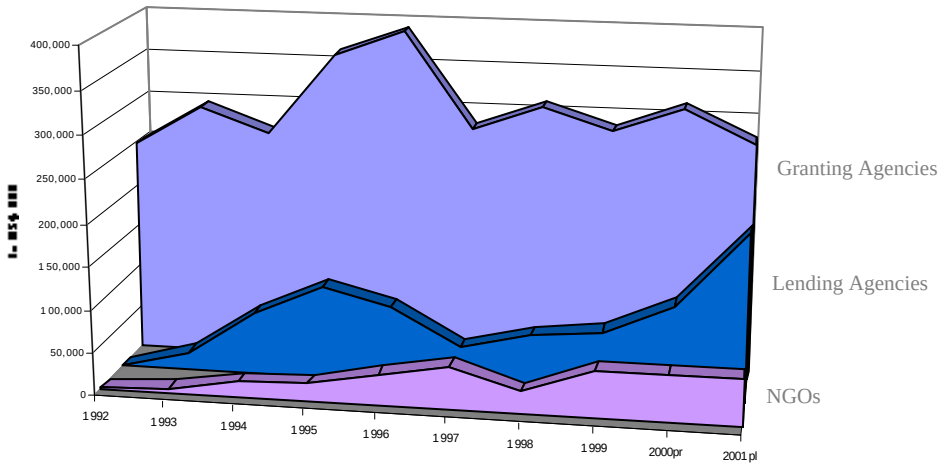


The changing nature of the assistance environment can also be seen in the distribution of contributions from different ***types of assistance agencies*** as shown in Figure 6 below. Agencies that primarily make grants include the UN agencies, the EC and bi-lateral donors. Lending agencies include the World Bank, IMF and ADB. IFAD and KfW also have lending activities in Cambodia. The NGO contributions in the CDC data reflect own resources only so as not to double count the contributions of multi-lateral and bi-lateral assistance agencies to NGOs activities.

Grant assistance leveling off

Assistance from donors that primarily provide grant assistance is leveling off or even declining. Although official development assistance is fairly stable globally, the overall state of the global economy and emerging new priorities in other parts of the world may make it difficult for Cambodia to continue to attract high levels of assistance. NGO support is also fairly level and is affected by similar global issues. The growth in overall external assistance levels in Cambodia is primarily coming from lending agencies.

Figure 6. **External Assistance Disbursements by Type of Donor, 1992-2001**



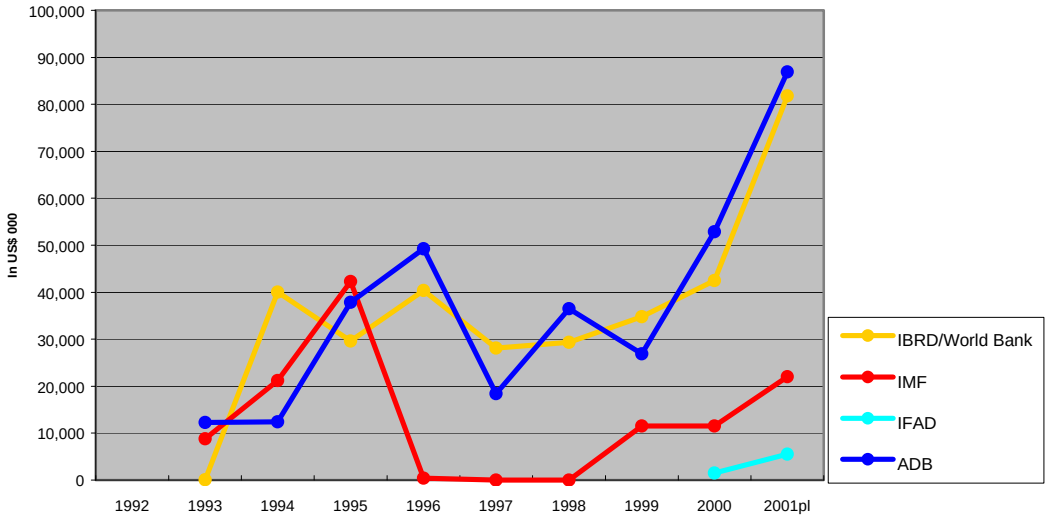
It should also be noted that the amounts reported for the UN agencies in the DCR may also include contributions from bi-lateral partners and thus the totals for grant-making donors may be less than shown in the chart above. Attempts are being made to eliminate this double counting in the Development Cooperation Report for 2001 that is currently being prepared by CDC/CRDB. As external resource mobilization is expected to fund 63 percent of the five-year budget in the UN Development Assistance Framework for 2001-2005, the adjustments could be substantial.

B. Key players

Lending agencies

Lending agencies provided 23 percent of the total external assistance in 2000, and accounted for 37 percent of the planned assistance for 2001. Both the World Bank and the Asian Development Bank have plans for substantial assistance to Cambodia over the next several years. The IMF resumed its assistance to Cambodia in 1999. IFAD is co-financing the GtZ food security project in Kampot and is expected to also provide inputs into the Seila program. The German lending agency KfW has been providing financing for health commodities and is engaged in discussions with the government on projects in other sectors.[1] Figure 7 shows funding trends over time for lending agencies.

***Figure 7.* Disbursements by Lending Agencies, 1992-2001**



World Bank lending expected to average $75 million per year

The ***World Bank's*** current Country Assistance Strategy (CAS) was prepared in February 2000 and covers programming through 2003 to coincide with the present administration's term in office. The main objective of the CAS it to assist Cambodia to *"build the foundations for sustainable development and poverty reduction"* for the medium to long term. Emphasis is placed on:

1) supporting *good governance*, such as legal and judicial reform, public sector reform including civil service restructuring, and military demobilization;

[1] KfW disbursements are not available separately in the DCR and are included in the totals for Germany in the next section.

2) building *physical infrastructure*, particularly roads, water supply, and electricity in rural and provincial areas to increase access to services and productive activities;

3) rebuilding *human capital* by increasing access to and quality of health care services and investing in education and skills development that will contribute to building institutional capacity and good governance, as well as to better health outcomes, income-generation, and competitiveness; and,

4) facilitating *private sector development* in traditional and non-traditional sectors, including supporting rural income-generation, through a combination of policy work, encouraging regular constructive dialogue between the government and the private sector, and providing direct support to business ventures.

Activities are to focus as much as possible on rural areas, and on increasing access and opportunities for women—particularly in education. Particular attention is to be paid to including disadvantaged groups, and preserving and restoring the country's natural resources and cultural heritage as potential bases for growth. Capacity building is an integral part of all interventions. The World Bank leads the CG Working Group on Demobilization.

The International Development Association (IDA), the concessional lending arm of the World Bank Group, will support the development of a sector wide approach (SWAP) in governance (with priority given to legal/judicial reform and anti-corruption measures), infrastructure, and support the implementation of SWAPs in the health and education sectors. Project financing will also be provided in the priority areas noted above. A list of currently active and pipeline projects is included in Annex 2.

The International Finance Corporation (IFC), the private sector lending affiliate of the bank, is working primarily through the Mekong Project Development Facility (MPDF) focusing on three sectors: small and medium enterprises, hotels/tourism development and power.

The Foreign Investment Advisory Service (FIAS) is working with the government on revising the Law on Investment and Taxation, particularly in the area of investment incentives.

The Multilateral Investment Guarantee Agency (MIGA) is working with the CDC to enhance its capacity for promoting and facilitating investment.

The CAS base-case scenario calls for an IDA lending program of $270 million over the four-year period. This scenario requires achievement of a full reform agenda as reflected in macroeconomic indicators. Reported disbursements in 2000 totaled $42 million, roughly consistent with estimates in the CAS. From 2001 to 2003 lending is expected to average $75 million per year.

IMF resumed assistance to Cambodia in 1999 at approximately $25 million per year

The ***International Monetary Fund*** had initially resumed lending to Cambodia in 1993. Loan disbursements were suspended in 1995 however, primarily due to lack of progress in addressing issues related to forestry management. A new agreement was approved in October 1999 which provides SDR 58.5 million (approximately US$ 73.5 million) over a three-year period to October 2002. SDR 33.4 million (US$41.8 million) had been disbursed as of mid-2001.

Loans to Cambodia are provided from the Poverty Reduction and Growth Facility (PRGF), IMF's concessional facility for low-income countries. It is intended that PRGF-supported programs will be based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners, and articulated in a Poverty Reduction Strategy Paper (PRSP). This is intended to ensure that each PRGF-supported program is consistent with a comprehensive framework for macroeconomic, structural, and social policies to foster growth and reduce poverty. PRGF loans carry an annual interest rate of 0.5 percent, and are repayable over 10 years with a 5 ½ -year grace period on principal payments.

Cambodia's interim-PRSP was completed in October 2000. Completion of this document and formulation of a plan for preparing the full PRSP was required for the release of a scheduled loan disbursement in early 2001. Preparation of the full PRSP is currently underway and is scheduled to be completed by October 2002.

ADB lending expected to average $75 million per year

The ***Asian Development Bank's*** current Country Strategy and Program (CSP) provides the framework for the ADB's activities for 2002 to 2004. The CSP was prepared within the context of the draft SEDP II and a participatory poverty assessment commissioned by the ADB. The overall objective of the CSP is poverty reduction. Its thematic priorities are:

1. *economic growth* including agricultural development and physical infrastructure;
2. *human development* including education, health, and water and sanitation, including specific HIV programs;
3. *gender and development* including support to the Ministry of Women's and Veterans' Affairs and closer attention to integration of gender issues in relevant ADB-supported projects;
4. *good governance* including integration of key elements of the GAP into ADB-support initiatives, and direct assistance in implementing elements of the GAP, particularly public administration reform and local governance;
5. *private sector development* particularly policy, investment, and technical assistance support for physical infrastructure, financial sector reform and development (including rural finance), and improvements in the legal framework;
6. *environmental protection* particularly sustainable forestry and fisheries management; and,
7. *regional cooperation* including supporting Cambodia's participation in the Greater Mekong Subregion (GMS) Economic Cooperation Program including development of regional transportation networks, telecommunications, tourism, natural resource management and addressing cross-border issues.

The base case allocation of lending for Cambodia is $75 million per year based on a performance-based allocation system. Under the base case scenario macroeconomic stability is maintained; the execution of budget implementation in each of the four priority sectors is in line with overall budget performance; portfolio performance is in line with the agreed upon targets; and, progress is made in the area of forest management and prevention of illegal logging. An additional $28 million a year in loans is planned under the GMS program.

In addition its lending program, ADB also has a technical assistance (TA) program envisaged to be about $5 million annually. Forty-five percent of the planned TA projects are related to preparation of loan projects. The remainder is for capacity building for various government institutions, research and strategy development.

ADB supports studies as the basis for policy dialogue. Recently conducted or initiated studies covered governance, transport, poverty assessment, education, TA effectiveness and the financial sector. Under the current CSP, studies will be undertaken on decentralization, rural development and public financial management.

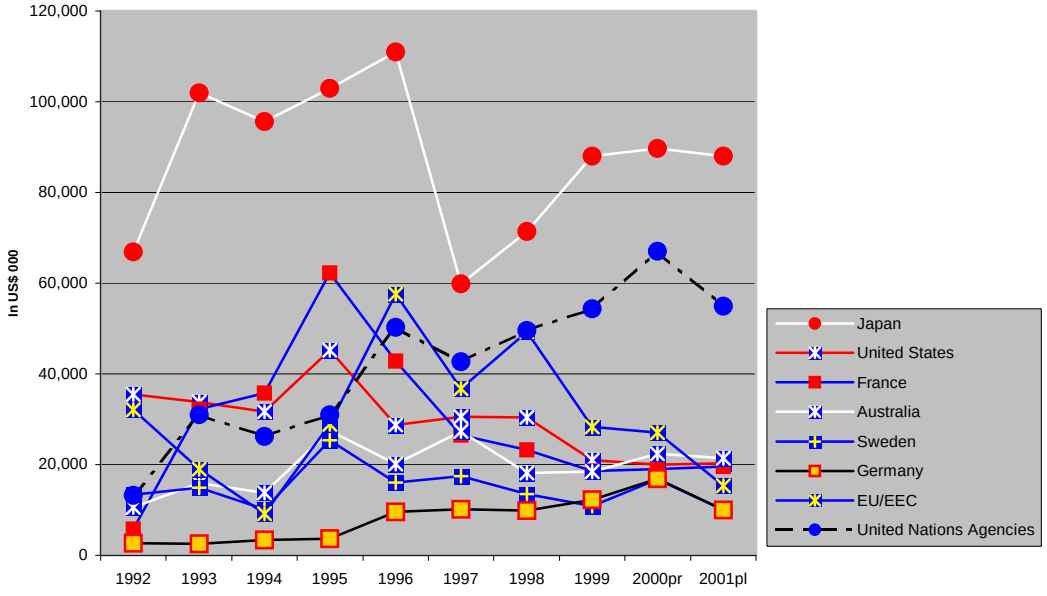
At the request of the government, ADB agreed to be the facilitator in the education, water resources and transport sectors, and also plans to support a sector development program for the management of natural resources related to the Tonle Sap. ADB leads the CG Working Group on Fiscal Reform.

Granting Agencies

Support to Cambodia on a grant basis is provided in a number of different ways. The multi-lateral agencies (e.g., UN, EC) and some bi-lateral donors are directly implementing projects in partnership with government entities in their priority sectors (e.g., AusAID in agriculture and health, Japan and Germany in a number of different sectors). Other bi-lateral donors primarily channel their assistance through multi-lateral agencies (e.g., Sweden, Netherlands). Bi-lateral assistance is also channeled through the donor country's own NGOs. Bi-lateral assistance channeled to Cambodian NGOs is provided through donor country intermediaries and direct grant programs. Other types of grant assistance include scholarships and placement of experts and volunteers in both government and non-governmental organizations.

Figure 8 below shows the disbursements of the major sources of grant assistance from 1992 to 2001. Japan is by far the biggest donor in this group, although its assistance has leveled off over the past three years and is expected to decline in the near future. The UN agencies as a group are the second biggest however, as noted earlier, the amounts in the DCR reflect the total funding managed through the UN system, including resources mobilized from bi-lateral donors.

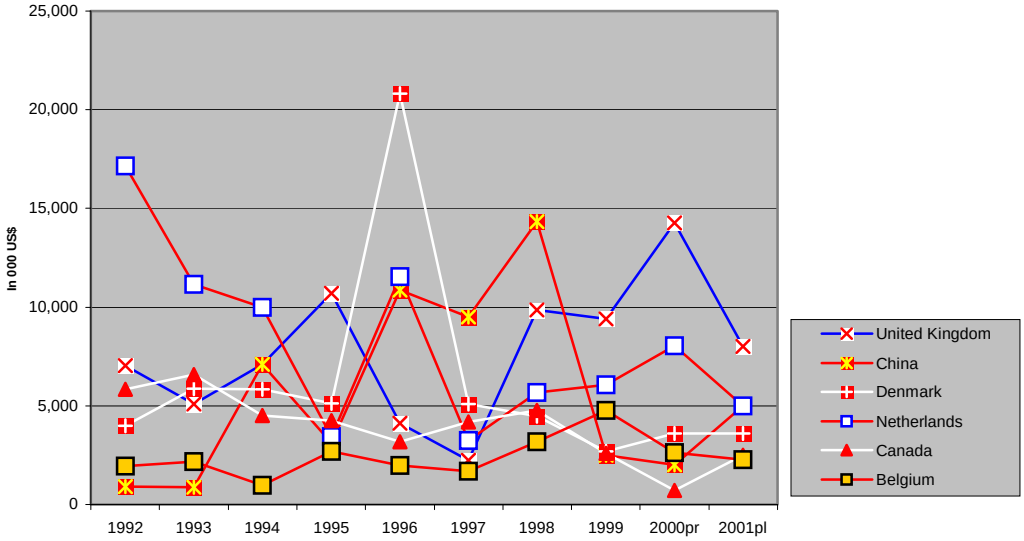
Figure 8. **Disbursements of UN Agencies, EC and Top Six Bi-lateral Donors, 1992-2001**



Patterns of support for a number of the major donors have been quite erratic over the last ten years however there seems to be a growing convergence among the largest donors at around $20 million per year.

Figure 9 shows the disbursements of other significant bi-lateral donors over the same period.

Figure 9. **Disbursements of Other Significant Bi-lateral Donors, 1992-2001**



UN Agencies

Nine UN agencies[2] with operations in Cambodia developed the UN Development Assistance Framework for Cambodia (UNDAF) for 2001-2005. The UNDAF is based on a common country assessment, and represents a common response of the UN agencies to the development challenges of the country. Individual agency programs and projects are, however, developed and funded within the framework of each agency's mandate and priorities.

The UNDAF has four areas of concentration, each with several components:

1. *governance, peace and justice* with components on rule of law, public administrative reform, and culture of peace;
2. *poverty reduction* including enabling environment, community development, promotion of sustainable livelihoods, and reducing malnutrition;
3. *human development* including HIV/AIDS, health, water and sanitation, reproductive health, education, and cultural development;
4. *sustainable management of natural resources* particularly land use, forestry, fisheries, and environmental awareness and protection.

The UNDAF has seven cross-cutting issues: human rights, gender equality and women's empowerment, minority groups, children and youths' rights, participation and democracy, regional cooperation, reintegration of demobilized soldiers.

[2] COHCHR, FAO, UNDP, UNESCO, UNFPA, UNHCR, UNICEF, WFP, WHO

The four UN system 'funding' organizations (UNDP, UNFPA, UNICEF and WFP) have harmonized their country cooperation programs to correspond with the UNDAF cycle (2001-2005). The UN technical organizations (COHCHR, UNESCO, UNHCR, FAO, UNAIDS and WHO) have different planning cycles however have committed to align their programs and projects with the duration of the UNDAF. The UNDP Representative is the UN Resident Coordinator, and lead agencies have been identified for each of the components.

Individually, the UN agencies' budgets are not very large. They are, however, able to offer a mechanism for pooling resources from multiple donors for executing priority projects. In other cases, bi-lateral donors will draw upon the expertise of a UN agency and fund and execute a project through that agency.

The relative importance of mobilized resources for UN agencies is reflected in the Table 1 below:

Table1. **UNDAF 2001-2005, Average annual budget by agency** *(in US$ 000)*

Agency	Core Resources	Mobilization (% of Total)	Total	Funding Partners
COHCHR	1,200	2,250 (65%)	3,450	Sida
FAO	470	1,300 (73%)	1,770	*IPM:* AusAID
UNAIDS	250	-	250	Primarily other UN agencies
UNDP	4,000	4,000 (50%)	8,000	*HDR/CSES:* Sida, Norad *Urban Dev:* DfID *Seila:* AusAID, Sida, Netherlands, DfID *GEF:* ADB *Gender:* Netherlands *Regional Trafficking:* Turner Fund Trust Funds: *Forest Crimes:* DfID, AusAID (executed by FAO) *CMAC:* AusAID, Belgium, Finland, Japan, NZ, Norway, Sida, DfID, US, RGC
UNESCO	1,110	1,960 (64%)	3,070	
UNFPA	3,700	1,600 (30%)	5,300	RH: EC
UNHCR	120	-	120	
UNICEF	3,100	10,440 (77%)	13,540	*EPI:* AusAID, USAID *Basic Education:* Sida
WFP	2,000	12,000 (86%)	14,000	AusAID, USAID and others
WHO	2,400	1,200 (33%)	3,600	
TOTAL	18,360	34,750 (65%)	53,110	

At an operational level, individual agencies are responsible for their own resource mobilization and agency priorities will determine how an agency participates in the UNDAF.

UNDP's country cooperation framework for 2001-2005 focuses on four areas:

1. *Strengthening governing institutions*
   - Promoting efficiency, effectiveness and accountability in the public administration (central and provincial levels) to address effectively the challenges of national transformation, respond better to the population's needs and deliver services more efficiently (CAR, Seila, fiscal de-concentration, information dissemination, policy consultation, local decision making processes, etc.)
   - Strengthening institutional capacity of parliamentary structures, systems and process (National Assembly, Senate)
   - Enhancing administration of, and access to, justice (judiciary and courts)
2. *Poverty reduction and monitoring*
   - Promoting pro-poor and gender-sensitive national and sectoral policies and strategies (surveys, poverty monitoring, HIV/AIDS monitoring, integrated trade strategy, mine action plan)
   - Enhancing access to, and effective utilization of, information and knowledge for enhanced impact of poverty-reduction efforts (ICT)
   - Promoting improvements in the livelihoods of the poor (income/ employment promotion, disaster preparedness)
3. *Management of natural resources*
   - Promoting national policy, legal and regulatory framework for environmentally sustainable development (access to natural resources, NRM in local development planning)
   - Strengthening monitoring and assessment of environmental sustainability (forestry, wildlife)
   - Enhancing national capacity for participation in global conventions, regulatory regimes and funding mechanisms for environmentally sustainable development
4. *Gender*
   - Strengthening advocacy, networking and partnerships for gender equality (MWVA)

UNFPA's country program for 2001-2005 has three components:

1. *Reproductive health:* increased utilization by women, men and adolescents of a) quality RH service, and b) RH information and counseling services resulting in safer reproductive and sexual behavior (with MoH/NCHP, MWVA)
2. *Population and development strategies:* improved policies and program for sustainable development through the creation of an enabling policy environment and the requisite technical capacity for taking population, RH and gender concerns into account in planing and policy making (with Council of Ministers, NIS)

3. *Advocacy:* To contribute to increased political and community support at national and local level for sustainable, comprehensive RH program including STD/HIV/AIDS, reduction of MMR, adolescent RH, gender equality and the elimination of violence against women (with MWVA, MRD)

The *UNICEF* country program for 2001-2005 consists of six synergistic components:

1. *Community Action for Child Rights Program (Seth Koma):* Child-focused village development in 1000 villages in five provinces.
2. *Health and Nutrition Program:* Focus on maternal and child health and nutrition. National-level activities related to policy/ strategy development and coordination, dissemination of critical health and nutrition information, and support to central-level government institutions and functions critical for health and nutrition activities at the community level (e.g., essential drugs, vaccines, health equipment). Activities in five provinces focused on strengthening the linkages between health service providers and communities, and information campaigns. And, support for community level health activities in *Seth Koma* villages.
3. *Expanded Basic Education Program:* National-level activities related to policy development, sector coordination, information systems, cluster schools development, school health, excluded children, non-formal education and early childhood care and development; and, expanding community-based educational services in *Seth Koma* villages.
4. *Children in Need of Special Protection Program:* advocacy, policy development, awareness-raising, capacity building and selected direct services and community mobilization efforts related to child victims of abuse, neglect or exploitation, and children affected by the legacies of armed conflict.
5. *HIV/AIDS Prevention and Care Program:* social communication, life skills training and peer education, VCCT, PMTCT and development of policies and programs for children affected by HIV/ AIDS.
6. *Advocacy and Social Mobilization Program:* A monitoring and evaluation mechanism will set the priorities for advocacy, social mobilization and behavior-change communication for all components.

Bi-lateral Donors

Selected information on major bi-lateral donors is summarized in Table 2 below.

Table 2. **Major bi-lateral donors**

Country	**Disbursements** (US$ 000) **2000** *provisional** **2001** *planned*	**% of Total Bi-lateral Assistance**	**Funding Mechanisms**
Japan	2000: 89,781 2001: 88,000	41 37	Main development assistance agency: JICA • Wide range of projects and programs • Significant support for physical infrastructure projects • Dispatch of experts and volunteers • Non-project grant aid
Australia	2000: 22,423 2001: 21,455	10 9	Main development assistance agency: AusAID • Direct projects in agriculture, health and education • Support to/through UN agency programs (IPM, EPI, elections, CMAC,WFP) • Support for education through Australian-based institutions (e.g., ACE) • Support to wide range of Australian and Cambodian NGOs
US	2000: 19,995 2001: 20,339	9 12	Main development assistance agency: USAID • Focus on democracy/human rights, health and HIV/AIDS. • Implementation through and support to NGOs
France	2000: 18,987* 2001: 19,595	9 12	Main development assistance agencies: AFD, MFA • AFD projects in agriculture, silk production, tourism infrastructure, micro credit, energy sector (EdC, provincial towns) • MFA/Embassy projects primarily related to French and Khmer culture
Sweden	2000: 16,817 2001: 10,053	8 7	Main development assistance agency: Sida • Support primarily to/through UN agency programs (Seila, CMAC, Basic Ed, ILO rural roads, soc-ec surveys) and WB projects (rural water & sanitation, demobilization) • Support to Cambodian institutions (CDRI, Documentation Centre) • Support to democracy/human rights NGOs (grants and volunteers) through Swedish NGOs (e.g., Forum Syd, Diakonia)
Germany	2000: 16,875* 2001: 10,000	8 5	Main development assistance agencies: GtZ, KfW • GtZ direct projects in health, vocational training, land management, gender equity/women's rights, NRM and area development • Support for demobilization, decentralization • KfW support for contraceptives supplies
UK	2000: 14,260 2001: 8,000	6 4	Main development assistance agency: DfID • Support to UN agency projects (Seila, UNAIDS, elections, forest crimes monitoring) and WB projects (EQIP) • Support through INGOs (community forestry, social marketing) • Monitoring activities (rural livelihood) • Small projects fund (Embassy)
Nether-lands	2000: 8,043 2001: 5,000	4 3	Main development assistance agency: MFA/MDevCoop • Support to UN projects (gender equity, CMAC?) • Support to Cambodian NGOs through Dutch NGOs (e.g., Novib, ICCO) • Support to democracy/women's rights NGOs
Denmark	2000: 3,590 2001: 3,587	2 2	Main development assistance agency: Danida • Support through regional bodies/projects (MRC fisheries) • Support to NGO activities projects (forest crimes monitoring, community forestry) • Policy advice on E/NRM to government (CDC)

Table 2. **Major bi-lateral donors** *(cont'd)*

Country	Disbursements (US$ 000) 2000 *provisional** 2001 *planned*	% of Total Bi-lateral Assistance	Funding Mechanisms
China	2000: 2,000* 2001: 5,000	1 2	*Note:* Total assistance reported at $30 million per year in addition to high levels of direct investment. Details not available at the time this report was prepared however much of the assistance is know to be for infrastructure.
Belgium	2000: 2,641* 2001: 2,275	1 1	*n/a*
Canada	2000: 710* 2001: 2,500	0 1	Main development assistance agency: Cida/Canadian Cooperation Office • Support to multi-lateral agency projects (UN, ADB, WB) • Support through Canadian NGOs (CCDP/Pursat) • Support to Cambodian NGOs (local initiatives fund) • Support through regional projects linked to technical/educational institutions in Canada

C. Coordination mechanisms

Mechanisms for coordination abound

Mechanisms for coordination abound in Cambodia. There are coordination mechanisms among government institutions (e.g., inter-ministerial councils), among donors (e.g., UNDAF, CG donor working groups), among NGOs (e.g., CCC, sectoral groups), government-donors (e.g., CG), government-NGOs. All possible permutations of key actors seem to be represented.

The **Consultative Group (CG)** is the official mechanism for facilitating government-donor dialogue on external assistance. At the annual CG meeting, the government presents a report on progress on key issues, and its request for new funding. The donors present their assessment of progress and their recommendations, review the request and pledge funding. The NGOs also prepare a statement. A representative from the NGO community and from the private sector are invited to participate in the CG as an observer.

Following the 1999 CG held in Tokyo, the government agreed to conduct quarterly review meetings to monitor the CG recommendations. At the CG held in June 2001, this was changed to a mid-year review. Review meetings are chaired by the Prime Minister and attended by the Cabinet and representatives of the donor community.

The need for better donor coordination was also discussed at the Tokyo CG and it was jointly agreed that a local donor coordination mechanism was needed to facilitate coordination and better integrate external assistance into national programs. Five working groups were established focused on key areas of concern. A sixth 'informal' working group on governance was established later. A number of sub-working groups have also been established to bring together key donor on more specific sectors/areas of concern. The government has parallel bodies for coordinating government action in these areas. These councils have been established under the Supreme Council for State Reform.

Table 3. **CG Working Groups**

Government Body	Donor Working Group
PUBLIC ADMINISTRATION REFORM	
Council for Administrative Reform (CAR) Chair: Senior Minister of the Council of Ministers	Chair: UNDP
FISCAL REFORM	
Council on Finance and Economy Chair: MEF	Chair: ADB
MILITARY REFORM/DEMOBILIZATION	
Council for the Development of Cambodia (CDC) Chair: Prime Minister	Chair: World Bank
FORESTRY MANAGEMENT	
Chair: MAFF	Chair: FAO
SOCIAL DEVELOPMENT	
Social Development Council Chair: Ministry. of Planning Sub-working Groups: - Education (MoEYS) - Health (MoH)	Chair: UNICEF Sub-working Groups: - Education (UNESCO) - Health (WHO)
GOVERNANCE	
Council of Ministers Chair: Prime Minister	Chair: World Bank

Each of the government bodies has an officially designated membership. The donor group is less formally constituted but would include all donors with interests in the issues covered by the working group. NGOs are invited to participate in all but the Fiscal Reform and Governance working groups.

In the CG meeting held in Paris in May 2000, partnership was also discussed extensively and the government and the donors agreed in principle to a new development cooperation partnership paradigm.

The **Council for the Development of Cambodia (CDC)** was established in 1994 to ensure that national resources and external resources, including both external assistance and foreign investment, are used efficiently and channeled to national priority areas – sectoral and geographic. The CDC is chaired by the Prime Minister and is comprised of two units: the Cambodian Investment Board (CIB) for private sector investments, and the Cambodian Rehabilitation and Development Board (CRDB) for official development assistance mobilization for public investment and technical assistance. The CRDB prepares the annual *Development Cooperation Report (DCR)* with technical assistance from an advisor provided by UNDP. Information for this report is gathered from donors and NGOs at the beginning of the year. The resource mobilization proposal is also presented in this document compiled from information from the Public Investment Plan (PIP) database managed by the Ministry of Planning and the Ministry of Economy and Finance.

Numerous **inter-ministerial bodies** have been established by the government, in addition to those that are directly related to the CG working groups. (It is reported that the Senior Minister of the Council of Minister is the chairperson of over forty different councils/committees!) The following are examples of the types of inter-ministerial bodies that have been created:

- National AIDS Authority (chaired by MoH), with executive and technical steering committees drawn from 12 other ministries
- National Training Board (chaired by MoEYS)
- Labour Council (chaired by MoSALVY)
- Council for Agriculture and Rural Development
- Food Security Steering Committee
- Disabilities Action Council (chaired by MoSALVY)
- Cambodian National Council for Women (chaired by MWVA)
- Cambodian National Council for Children (chaired by MoSALVY)
- Seila Task Force
- Demobilization Task Force

These groups are mostly made up of senior government officials although there is NGO representation in some bodies (e.g., DAC) and representatives from the NGO community as ex-officio members in others.

In theory, **national strategies and plans** should identify the priorities and provide the framework for donor coordination. In practice, the government has limited capacity to develop national strategies or sector-wide plans on its own, and the progress that has been made in this area has been guided, if not carried out, by external advisors. Planning is mostly done on a project level, within the framework of the donor's mandate and individual perspectives on development priorities in Cambodia. Different approaches to national and sector-wide planning also make it difficult to establish a common framework for government and donor action. The emphasis on government as the nexus of development planning and action greatly overshadows the contributions of the private sector and civil society to national development.

Preparation of *Socio-economic Development Plans (SEDP)* every five years is mandated by law. SEDP II covers the period 2001-2005 and was to have been completed by October 2000 in order to set the framework for the PIP for 2001-2003. A first draft of the SEDP II was presented in March 2001 and a final draft was approved by the Council of Ministers in October 2001. This plan is pending final approval by the National Assembly. ADB provided technical assistance to the Ministry of Planning in preparing the plan. As this plan is to a large extent a compilation of the plans of individual ministries, the quality of different sections of the plan is very much determined by the capacity of the individual ministries to develop such a document.

Nearly simultaneously, the World Bank and IMF initiated a process to prepare the Interim *Poverty Reduction Strategy Paper* (I-PRSP), as required under the terms of the loan agreement between the government and the IMF. This paper was completed in October 2000. The full PRSP was to have been completed by October 2001 within the framework of SEDP II. It is now hoped that the PRSP will be completed by October 2002.

The *Governance Action Plan (GAP)* was also developed during this time period with the assistance of the World Bank. This was approved by the Council of Ministers in March

2001. In addition, the government also prepared a *Financial Policy Framework (FPF)* with the assistance of IMF. The FPF set the framework for the government's poverty reduction strategy reflected in the I-PRSP and SEDP II.

Sectoral strategies and plans are playing an increasingly important role as frameworks for donor coordination. The health sector has had the most extensive experience in working with various donors and was the first to develop a broad program within which donors could participate. While not a full sector-wide strategy, the health sector reform program was prepared and launched in 1995 with assistance from WHO and other donors. The National Health Coverage Plan for 1996-2000 developed under this program put into place the Operational District concept, designated the health centers as the first level of health care, and defined a Minimum Package of Activities and Complementary Package of Activities. Mechanism for facilitating dialogue and coordination of activities were established under the umbrella of a Coordinating Committee (CoCom) and Sub Coordinating Committees (SubCoCom) on specific health-related issues. The MoH will be working with its key donors in developing a sector-wide approach (SWAp) and strengthening sector-wide management (SwiM).

The Education Strategic Plan (ESP) for 2001-2005 was finalized in May 2001 with technical assistance from external donors. Based on the ESP, an Education Sector Support Program (ESSP) was prepared and reviewed through a highly consultative process. Mechanisms have been put into place on-going coordination and review of progress in implementing this program.

An Integration and Competitiveness Study was undertaken by the Ministry of Commerce in mid-2001 under the Integrated Framework for Trade-related Technical Assistance project led by the World Bank. This study identifies actions needed in priority sectors of the economy as well as the responsible government agencies and potential sources of technical support.

Assistance is also anticipated from the ADB in formulating sector-wide plans for infrastructure and rural development.

Mechanisms for ***inter-agency coordination*** have also been put into place to coordinate the efforts of the UN system agencies the UNDAF. The lead agencies for each of the components of the UNDAF are shown in Table 4 below.

Table 4. **UNDAF lead agencies**

Governance, peace and justice	
1.1 Rule of law	COHCHR
1.2 Public administrative reform	UNDP
1.3 Culture of peace	UNESCO
Poverty reduction	
2.1 Enabling environment	UNDP/UNFPA
2.2 Community development	UNDP/UNICEF
2.3 Promotion of sustainable livelihoods	WFP
2.4 Reducing malnutrition	UNICEF

Table 4. **UNDAF lead agencies** *(cont'd)*

Human development	
3.1 HIV/AIDS	UNAIDS
3.2 Health, water and sanitation	WHO
3.3 Reproductive health	UNFPA
3.4 Education	UNESCO/UNICEF
3.5 Cultural development	UNESCO
Sustainable management of natural resources	
4.1 Land use	FAO
4.2 Forestry	FAO
4.3 Fisheries	FAO
4.4 Environmental awareness and protection.	UNESCO/UNDP

NGO coordination mechanisms are also quite extensive. There are approximately 200 international NGOs in Cambodia. The number of local NGOs and associations registered with the government is reported to be more than 800. There are more than 50 NGO sectoral and issue-specific working groups, both formal and informal, and informal NGO networks in almost every province.

The *Cooperation Committee for Cambodia (CCC)* is an umbrella organization for non-governmental organizations. This membership organization was established in 1990 and has a current membership of 93 agencies, both local and international. The objectives of the CCC are "to facilitate information exchange between NGOs and provide a forum for NGO coordination on issues of common concern, facilitating where possible representation to RGC authorities, other government and international agencies."

The *NGO Forum on Cambodia* is an organized forum of international and Cambodian NGOs that seeks "to discuss, debate, and advocate the concerns of NGOs regarding Cambodia's development". The NGO Forum has a core membership of 60 NGOs and works in close collaboration with other NGO networks both within and outside Cambodia. The forum has working groups focused on:

- women
- environment
- civil society
- ban on landmines
- development assistance

Other prominent ***sectoral groups*** include:

MEDiCAM is a membership organization that has been recognized by the MoH as the official representative of the NGOs active in the health sector in Cambodia since 1991. Current membership comprises 109 agencies, both international and local. MEDiCAM's main objectives are to facilitate communication, and diffusion of health-related information between the NGOs, the government and all other health actors in Cambodia.

The *HIV/AIDS Coordination Committee (HACC)* provides a mechanism for coordination, information exchange, organization of joint activities and capacity building of member organizations. A number of sub-committees have also been established (e.g., counseling

and care, mass media, research, training). Membership includes a wide range of international and Cambodian NGOs, as well as donors active in HIV/AIDS programming.

EduCam is an informal working group that is primarily focused on facilitating the exchange of information between NGOs active in the education sector.

NGO Education Partnership (NEP) has been established more recently to strengthen the dialogue between NGOs, government and donors. The purpose of NEP is "to provide a mechanism to enable NGOs involved in education to lobby, advocate and communicate with government and donors on a wide range of education issues and policies." NEP evolved out of a study initiated by the Minister of Education, and seeks to gain official recognition from MoEYS as the official representative of NGOs involved in the education sector in Cambodia.

Cambodian Human Rights Action Committee (HRAC) brings together the NGOs engaged in human rights activities for information sharing and joint action on common areas of concern.

Other NGO sectoral working groups are focused on agriculture (CEDAC), the credit sector, mental health, weapons reduction and urban issues.

Groups of NGOs have also come together to coordinate or support activities on specific issues (e.g., elections, Commune Council Support Project, Learning from Integrated Savings and Credit Projects, Conference on the Meaning of Community in Cambodia). The Cambodian NGO Support Network (CNSN) is a forum for sharing information and coordinating the efforts of organizations providing financial or technical assistance to local NGOs.

Provincial NGO networks also exist in nearly every province and are playing an increasingly important role in contributing to an informed dialogue on development processes and policies at the local level.

CCC compiles a number of ***directories*** that are a very useful source of information on who's doing what where. These include the NGO Directories (International and Cambodian), Directory of Networking, Membership and Sectoral Groups, Directory of Provincial NGO Networks, and Agency Listing (personnel, contact information, map).

An NGO Resource Directory was compiled by the support NGO, Ponlok, in 1999. This directory provides information on organizations providing financial, technical or other assistance to Cambodian NGOs.

In preparing this assessment, it was noted that no donor directory currently exists. Although a great deal of information is available in both published form and on the Internet, it is often not easy to find the relevant information.

D. Obstacles to better coordination

1. ***Information.*** Effective coordination requires access to information on who is doing what within a specific sector or issue. A number of factors impede accessing to this information in Cambodia:

   Access to information on donor portfolios. There is not one place that one can go to obtain information on donor activities in Cambodia. Information is available from the offices of individual donors, and increasingly on agency websites however quality of publicly available information varies widely. It is particularly difficult to access information on the support provided by donors that are not physically present in the country or multiple mechanisms for channeling assistance.

   Availability of information on projects within government institutions. It is also difficult to access information on projects within individual government institutions. This is partially due to a reluctance to share information on the full range of support a particular institution may be receiving. It also reflects however, the fact that project management most often operates outside of the structures and systems of the institution and there are no mechanisms in place for systematically gathering information on all projects.

   Availability of information on donor support to individual NGOs or NGOs in a particular sector. There are also gaps in information on who is supporting what NGO.

2. ***Coordination vs. control.*** Although the Council for the Development of Cambodia is responsible for gathering information on donors and NGOs, reporting to the CDC is often incomplete. There is probably legitimate concern on the part of NGOs that the information will be used more for control than to facilitate coordination.

3. ***Competition between government institutions for projects.*** Even government institutions do not always report the projects they are implementing with donor support. There could be for a number of reasons for this including reluctance to show how much support they are receiving and being subject to jealousy, concern that others might intervene and try to control a project, concern that other institutions will try to 'steal' their project.

4. ***Competition between donors in priority sectors.*** As many donors are trying to address the same range of issues within the country, competition develops over issues such as who takes the lead or is seen to take the lead a particular sector. Between the major lending institutions this is an issue of increased concern as the two leading international development banks scale up their programs in Cambodia.

5. ***Competition between NGOs for funding.*** NGOs are often reluctant to fully disclose the details of their funding – again out of fear that others compete with them.

6. ***Divergent approaches/competing interests.*** Although there are remarkable similarities in the objectives and priorities of the major donors, the approaches to any given issue may vary widely. Many agencies have 'global' programs they are trying to expand to all the countries in which they work. Multiple approaches to an issue within a single institution ends up being confusing and frustrating for all concerned.

7. ***Capacity to absorb assistance.*** There are a limited number of individuals within any one institution that are able to play an active role in the management of donor-funded initiatives.