



ANNUAL PROJECT REPORT 2009

United Nations Development Programme

Cambodia

**Multi-Donor Support Program to implement the Strategic Framework for
Development Cooperation Management**

01/01/2006 – 31/12/2010

Project ID & Title: 00048711

Multi-Donor Support Program for Strategic Framework for Development
Cooperation Management

Duration: 1/1/2006 – 31/12/2010

Total Budget: USD 5,764,112

Implementing Partners/Responsible parties: CRDB/CDC

Country Programme Outcome: National and local authorities are better
able to manage development effectiveness (Outcome 5)

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I. Executive summary

The MDSP continued to implement activities in 2009 in line with the four outputs described in the program document to strengthen national aid management capacity:

- 1) in CRDB/CDC to ensure that development cooperation activities are nationally owned, are fully aligned with Cambodia's development priorities, and are managed by RGC to achieve targeted results;
- 2) in CRDB/CDC to effectively engage in policy discussion on aid effectiveness in international forums; and to lead the process to promote harmonized donor practices, promote strengthening of national systems and procedures that meet international standards within an environment of partnership, mutual trust and mutual accountability to maximize aid effectiveness;
- 3) in line ministries and agencies, to play a leadership role in the work of the TWGs, and to manage their aid coordination and aid management functions; and
- 4) Strengthened capacity in CRDB/CDC and line ministries and agencies to develop, upgrade and maintain aid information management systems and website(s).

These outputs are, in turn, related to the corresponding UNDP country programme outcome 5 (National and local authorities are better able to manage development effectiveness) and country programme output 5.1 (improved systems and human resources at CRDB/CDC to coordinate aid).

Highlights include:

Key annual activities linked to MDSP outputs	Identified challenges / risks
Output 1 – Capacity Development Strategy enables full staffing of organisation structure. Performance management arrangements provide basis for coaching/mentoring. Partnering exercise and MfDR training strengthen CRDB ability to promote wider ownership and maintain a results-focus (esp in JMIs)	Further support is required to strengthen the policy, information management and administration functions Suspension of MBPI from Jan 2010 will affect motivation and performance Permanent staffing complement unresolved
Output 2 – MDSP provides support for GDCC meetings. Program of support to CCC established to build partnerships with civil society. CRDB participates in OECD and S-S policy dialogue.	Technical capacity to support policy dialogue likely to be a long-term undertaking Global process indicates evidence of donor fatigue with consequent risks to Cambodia's own efforts
Output 3 – Aid effectiveness JMIs for all sectors/TWGs endorsed. Dedicated support to MoWA, MAFF and MoEYS. TWG Block Grants to 10 TWGs and trainings facilitated for TWG Network.	TWG performance requires an on-going effort to strengthen partnerships and ensure that their potential is realised. Block grant support to be revised to ensure it is effective and accountable.
Output 4 – ODA Database maintained, new mission/study component added, data updated twice in 2009 and validated by CRDB staff. NGO Database placed on-line and outreach work begins for NGOs.	Sustainability of the database needs to be consolidated through production of technical administrator manuals

MDSP also benefited from an independent review in November 2009. The main findings were:

MDSP Capacity-related achievements	Identified challenges / risks
CDS approach has fostered an improved working environment (staffing complement, clarity on roles, performance management)	A CRDB Strategic Plan may be necessary to guide further capacity support. MBPI suspension will affect motivation/performance
Organisational coherency and collaboration between departments has been strengthened as tasks/roles are codified based on an organised workflow	Policy, Admin and Information Departments require sustained and differentiated support to consolidate a shift away from capacity substitution by the project
Effective use of NEX modality to secure full RGC ownership of project and link to results	Further support is required post-2010 and should bring a sharper focus to the capacity development role of the project (esp in policy, admin and information management)
Staff development highlights the use of non-monetary incentives (coaching, seminars, technical support, trainings, clarity on role and 'identify' within CRDB)	CRDB staffing issue unlikely to be resolved

These findings document both progress and challenges and are broadly consistent with the views (including those previously reported) of CRDB and UNDP. The independent review, together with this annual report, will therefore comprise the main documents for discussion at the January 2010 Program Executive Group (PEG) meeting.

II. Implementation progress

MDSP implementation made further progress throughout 2009 with important achievements recorded against each of the four project outputs.

The most significant milestones include:

Output 1 - CRDB/CDC capacity to ensure that development cooperation activities are nationally owned and aligned

- Review of the performance monitoring system – leading to strengthened coaching/mentoring approaches and further identification of learning needs linked to organisational performance
- A staff survey that indicates high-levels of satisfaction amongst CRDB staff and a stronger sense of identity and motivation
- Partnership and behavioural aspects of aid management addressed through design/delivery of "Making Partnerships Effective in Cambodia" exercise
- Two GDCC meetings allowed for aid effectiveness JMIs to be endorsed and monitored

Output 2 - capacity to engage in policy discussion in national and international forums; and to lead aid effectiveness processes

- Demonstrated progress in CRDB/CDC to collect and analyse data that is relevant to the policy-making process (eg PD survey exercise)
- Global and regional networked partner country support (eg through a Learning Exchange hosted by RGC for 2nd year, the OECD/DAC partner caucus and the Asia CDDE facility launched in March 2009)
- A partnership with the Cooperation Committee for Cambodia (CCC) to raise awareness of aid effectiveness issues in civil society across Cambodia and to strengthen NGO information capacities to coordinate their support and be accountable to citizens

Output 3 – capacity in line ministries and agencies to play a leadership role in TWGs and to manage their aid coordination functions

- Strengthened capacities in TWGs to implement AE activities via approved JMI on aid effectiveness, training in MfDR for the next round of JMIs, and block grant support to 10 TWGs
- TWG Network used for facilitating AE JMI exercise, for developing the Partnership exercise, for strengthening cross-sectoral dialogue on NSDP Update and for MfDR.

Output 4 -Maintaining aid information management systems and websites

- NGO Database established and placed on-line (training of NGO staff now on-going)
- ODA Database customised to support mission planning and customisation

An independent review of the MDSP also records notable achievements in supporting CRDB/CDC capacity development (but remaining challenges associated with sustainability).

A more results-based presentation is provided in the table below:

PROGRESS TOWARDS PROJECT OUTPUTS

Output 1. Strengthened capacity in CRDB/CDC to ensure that development cooperation activities are nationally owned, are fully aligned with Cambodia's development priorities, and are managed by RGC to achieve targeted development results.			
	Baseline (2006)	Target (2010)	Current status (end-2009)
1.1 Organizational review and functional analysis of CRDB/CDC and a detailed assessment of needs for capacity building and training for	Organisational structure and individual job descriptions identified in CRDB Capacity Development Strategy (end-2006)	CRDB/CDC leads policy discussions development partners on their country strategies and program priorities, and facilitates contact on all external aid-	Periodic (annual) consultations with most development partners are now held, routinely including a discussion on aid effectiveness. CRDB data focal

staff in each Department completed.		related matters.	points maintain and validate records of all external assistance.
1.2 CRDB/CDC reorganized to implement CDS	CRDB Capacity Development Strategy identifies appropriate staffing complement across all departments	Full staffing complement	CRDB expected to have full complement of staff by end-2009
1.3 CRDB/CDC staff provided training and performance incentives needed to strengthen their capacity to perform assigned functions.	Needs assessment undertaken in 2006, to be reviewed annually (based on new needs and staff turnover)	Core trainings identified in CRS delivered to 80% of staff.	Staff in-post longer than 12 months have received full training. Extension to new staff, and consolidation for existing staff, to be delivered.
1.4 CRDB/CDC prepares RGC policy documents, discussion papers, and organizes processes of Government-DP consultations (e.g. GDCC, TWGs, and CDCF)	This area receives significant backstopping from MDSP	CRDB/CDC supports TWGs to function effectively; GDCC/CDCF mechanism enables policy dialogue and resource mobilization; and partnerships enhance effectiveness.	Policy department fully staffed (further strengthening reqd) Support to TWGs formalized GDCC, CDCF schedule established
1.5 Financial and administrative functions performed and proper records maintained in accordance with UNDP rules and procedures	Full financial and operational reporting is provided on monthly/ quarterly/ annual basis according to UNDP rules and external audit is satisfactory.	Full financial and operational reporting is provided on monthly/ quarterly/ annual basis according to UNDP rules and external audit is satisfactory.	Full financial and operational reporting is provided on monthly/ quarterly/ annual basis according to UNDP rules and external audit is satisfactory.
Output 2. Strengthened capacity in CRDB/CDC to effectively engage in policy discussion on aid effectiveness in the OECD/DAC and other international forums; and to lead the process to promote harmonized donor practices, promote strengthening of national systems and procedures that meet international standards in order to encourage a greater use of these systems and procedures by development partners within an environment of partnership, mutual trust and mutual accountability to maximize aid effectiveness.			
	Baseline (2006)	Target (2010)	Current status (end-2009)
2.1 CRDB/CDC prepares analytic work and policy papers on aid effectiveness for discussion within RGC, with development partners, and at the OECD/DAC & other global forum.	This area receives significant backstopping from MDSP	CRDB/CDC, on behalf of RGC, contributes to the work of the OECD/DAC and other international forums on aid effectiveness issues.	As 1.4 (Policy department fully staffed, support to TWGs has been formalized and some policy papers are developed by CRDB staff. Further strengthening of the policy function identified as continuing priority in Nov 2009 independent review)
2.2 CRDB/CDC disseminates information on best practices to enhance aid effectiveness	DCR and partnership report produced for CG meetings	Appropriate instruments to monitor Paris Declaration implementation established	AER established. ODA Database in place and fully operational, including to support PD monitoring survey.
2.3 CRDB/CDC organizes seminars and workshops on AE concepts, methodologies to enhance aid effectiveness for line ministries	CDS anticipates these becoming regular functions for CRDB staff.	Routine knowledge management services in place for CRDB and TWGs (Network and trainings)	TWG Network and other learning/support opportunities are established and functioning.
Output 3. Strengthened capacity in line ministries and agencies to play a leadership role in the work of the TWGs, and to manage their aid coordination and aid management functions.			
	Baseline (2006)	Target (2010)	Current status (end-2009)
3.1 Line ministries strengthen capacity to promote aid alignment with established / emerging plans	CRDB provides on-demand support to TWGs	RGC's line ministries and agencies assert leadership and ownership in all matters of aid coordination	AER shows improved alignment of external funds. Ongoing initiatives to integrate planning/budgeting/aid.
3.2 Line ministries strengthen capacity to implement RGC's Action Plan on Harmonization, Alignment, and Results	CRDB provides on-demand support to TWGs	RGC's line ministries and agencies assert leadership and ownership in all matters of aid coordination	AE JMIs developed for each sector/TWG
Output 4. Strengthened capacity in CRDB/CDC and line ministries and agencies to develop, upgrade and maintain aid information management systems to support their development management functions; and to develop, update, and maintain website(s) to disseminate information on development cooperation activities to all national and international development partners and civil society.			
	Baseline (2006)	Target (2010)	Current status (end-2009)
4.1 CRDB/CDC has a functioning ODA Database, a NGO disbursements database, and a CRDB/CDC website that are updated regularly.	All 3 systems require customisation and enhanced features	CRDB/CDC maintains continually updated information systems and databases on aid flows	ODA Database improved and stable (data collected twice yearly), NGO Database launched on-line in 2009, new CRDB website forthcoming
4.2 CRDB/CDC has a functioning web based system to collect data from donors on actual and planned ODA	System requires adaptation for planned disbursements	System functioning and on-line with credible data	System functioning and on-line with credible data
4.3 All ministries have a functioning "Aid Management Information System Database" system that is regularly updated by them.	MoEYS, MoWA, MoH, MAFF support provided	A single data platform maintained by CRDB and customised for sectors.	Principle of single data-entry point agreed. ODA Database customised according to sector need (on-demand)

It is the view of the MDSP project team that implementation status can be classified as "delivery in line with plan"

PROGRESS TOWARDS COUNTRY PROGRAMME (CPAP) OUTPUT

Output 5.1. Systems and human resources of CRDB/CDC on aid coordination improved	Indicator	Baseline	Target	Status	Means of verification
	■ Capacity development strategy of CRDB/CDC drafted	No (2005)	Yes (2010)	Yes (2008)	Capacity Development Strategy
	■ % of position defined in CRDB organogram which are fully staffed	50% (2005)	95% (2010)	90 (2009)	Organogram and CRDB/CDC staff list
	■ No. of times per year CRDB staff performance is reviewed	0 (2005)	3 (2010)	3 (2007)	CRDB/CDC retreat minutes
	■ Times the Cambodia ODA Database is updated annually	1 (2006)	2 (2010)	2 (2007)	cdc.khmer.biz
	■ Line ministries and agencies with specific indicators to measure aid effectiveness	0 (2006)	19 (2010)	19 (2009)	Minutes of GDCC

PROGRESS TOWARDS COUNTRY PROGRAMME (CPAP) OUTCOME

RESULTS	INDICATORS	BASELINE	STATUS	TARGET	MoV	FREQUENCY
Outcome 5: National and local authorities are better able to manage development effectiveness	No. of times CRDB conducts a Paris Declaration survey since 2006	1 (2006)	2 (2008)	3 (2011)	OECD-DAC website	Annually
	No. of unique visitors of Cambodia ODA Database at cdc.khmer.biz per month	?? (2006)	?? (2008)	?? (2010)	at cdc.khmer.biz	Quarterly
	No. of GDCC and CDCF meeting organized by CRDB with nationally-owned agenda	3	3	3	CRDB website	Annually

Capacity Development

CRDB/CDC capacity development has been an on-going process led by management and staff but with strong support provided by MDSP. Notable progress in 2009 relates to the finalisation of a new sub-decree setting out CRDB's mandated institutional role (and, forthcoming, the NSDP Update that will articulate broader aid effectiveness priorities). The institutional arrangements have shown additional potential for improvement with the MoP-led planning/budgeting/aid integration exercise coordinated at the SNEC.

The CRDB performance management system has continued to provide a framework for managing staff, for directing/managing the work of the organisation and for supporting coaching/training.

Further training and relationship building for wider aid effectiveness work has included the TWG Network, partnering Initiative, and managing for Development Results, all provided RGC-wide and/or to development partners.

Gender

The global aid effectiveness discourse has begun to address the linkages between gender and aid effectiveness and this has provided useful impetus to the CRDB/CDC effort. Opportunities for incorporating gender into aid effectiveness work have been the subject of several seminars within CRDB/CDC with initiatives such as support to MoWA planning and TWG secretariats remaining an important part of the MDSP annual workplan. Further strengthening of the gender link may be considered by making increased use of the TWG Network, where the work of Gender TWG is usually featured amongst cross-cutting issues and the challenges associated with them, as well as introducing 'thematic markers' into the ODA Database so that a fuller spectrum of projects that address gender issues can be extracted for monitoring. New recruitment at CRDB in 2009 has tended to emphasise the recruitment of women as CRDB now considers the gender profile of recruitment at each stage of the process.

Lessons learned

Key lessons relate to:

- Capacity development has been effective as it has been internally-led by CRDB/CDC. Consolidation and sustainability are still priority areas, however.
- Aid effectiveness and partnership is more than a technical issue; it requires attention to building partnership and creating incentives for all stakeholders to collaborate. This has proved to be quite challenging and behaviour change (e.g. moving away from project dependence and use of capacity-substituting TA) will be a long-term undertaking.

III. Project implementation challenges

MDSP, with strong and effective leadership from CRDB/CDC and cooperation of its staff, has been able to deliver on its Annual Workplan in each year of implementation. In respect of its four project outputs, progress has therefore been positive and MDSP is well on-track to deliver in full in each of its results areas.

Influencing outcomes, however, is proving to be more challenging as making aid effective (as defined, for example, by the Paris Declaration) is often beyond the direct influence of the project or CRDB/CDC. This point was highlighted in the November 2009 independent review of the project, which portrayed RGC and MDSP inputs and outputs in the diagram below. While the MDSP can be a significant influence on CRDB capacity, and even its outputs, the link to higher-level aid effectiveness outcomes is less direct and often beyond the direct influence of the project.

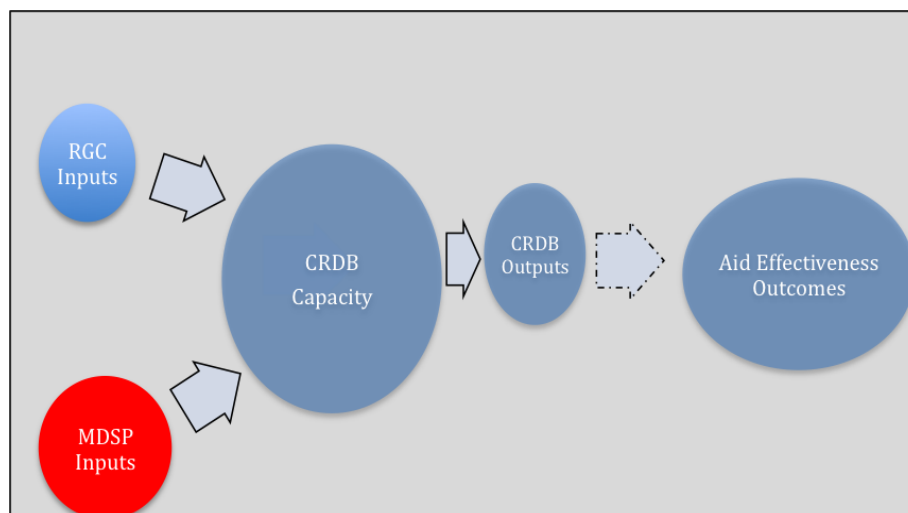


Figure 1. Relationship between MDSP inputs and aid effectiveness outcomes

Further work, and effort, is therefore required to align incentives for aid coordination and effectiveness activities at all levels of government as well as in development partner activities and programmes. Global evidence has demonstrated that this has been a challenging proposition (see, for example, the results of the Paris Declaration monitoring survey and the challenge of behaviour change highlighted in the global evaluation of the Paris Declaration presented to the 3rd High-level Forum on Aid Effectiveness in Accra in 2008).

Future efforts of the project should be directed at initiatives that may address these challenges in a realistic and long-term manner. This will include the extension and strengthening of programme-based approaches that appear to be the most credible approach for strengthening ownership and coherency of aid, as well as continuing with

efforts such as the "Making Partnerships Effective in Cambodia" and strengthening of TWGs which offer the potential to broker more effective multi-stakeholder partnerships on which the MDGs are premised.

Continued engagement in global processes, leading up to the 4th High-level Forum on Aid Effectiveness in Seoul in 2011, may also assist in providing access to learning opportunities, South-South based support initiatives and to providing increased leverage on donors at global level to meet the commitments they have made in Cambodia. The 2010 global evaluation, in which Cambodia will participate as a case study country, and the 2011 Paris Declaration monitoring survey will provide further opportunities to learn from the experience of implementation in order to identify relevant and effective practices that will promote aid effectiveness and the link to development results.

Risks

a. Updated project risks and actions

Project Risk 1 Staff positions are not established, so that seconded and contract staff are not made permanent and additional permanent staff cannot be retained. Further, suspension of MBPI and other forms of supplements likely to impact on performance and retention.

Actions taken: While dialogue with the government for the creation of a permanent staff establishment shall continue during the last year of the programme, the project shall continue to use existing mechanisms such as training and the performance management scheme to motivate, build confidence and to strengthen the sense among staff that they are working in a team in which their contributions are important and appreciated.

Project Risk 2: TWG performance requires an on-going effort to strengthen partnerships and ensure that their potential is realised.

Actions taken: Block grant support to be replaced with on-demand requests submitted jointly by TWG chairs and DP facilitators to ensure it is effective and accountable.

Project Risk 3: Incentives that run counter to aid effectiveness priorities (fiduciary constraints, "donor fatigue", RGC dependence on projects that support recurrent funding or substitute capacity, accountability to donor capitals rather than to national stakeholders for results) may deflect attention away from actions and reforms required to strengthen the linkage between aid effectiveness and development results.

Actions taken: Recent policy shifts by CRDB have also been directed at identifying relevant and prioritised actions that are likely to have the support and commitment of all stakeholders. The project's efforts during 2010 shall be directed towards the extension and strengthening of programme-based approaches that appear to be the most credible approach for strengthening ownership and coherency of aid, as well as continuing with efforts such as the "Making Partnerships Effective in Cambodia" which offer the potential to broker more effective multi-stakeholder partnerships on which the MDGs are premised.

b. Updated project issues and actions

Project Issue 1: Suspension of MBPI, PMG and other supplements

Actions: the project has aligned with this decision taken by the government and no monetary incentives are planned for 2010. Activities will be undertaken to motivate contract staff in order to safeguard capacity gains made to date. The project team will be required (and facilitated) in the event that some switch towards capacity substitution is required to support core CRDB activities.

Project Issue 2: Excess of funding for 2010. After a careful planning and budgeting exercise, and assuming all donor contributions are disbursed, there will likely be a balance of funds at the end of the project implementation period.

Actions: conversations with some donors on the feasibility of no-cost extensions for this funds have already started and the formal request process will be concluded by end-2010.

Project Issue 3: Continuation of support beyond 2010

Actions: the MDSP review has identified the likely need for further support beyond 2010. Negotiations with CRDB and development partners (those supporting MDSP and others who may be interested to provide support in the future) should begin at an early time in 2010 to ensure that continuity (e.g. in project staffing) is assured and that CRDB can give due consideration to the type of support it requires in the period 2011-2015.

IV. Financial status and utilization

(Annex)