



European Commission



Cambodia

Democratic and Decentralized Local Governance (DDLG)

European Commission and UNDP joint funded project

ANNUAL PROJECT REPORT 2008

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Raise “Voice & Accountability”
Component 1

**Establish Associations of Communes
and Sangkats**
Component 2

**Help implement Inter-Commune
Cooperation projects**
Component 3

Project ID: 00049185

Duration: 5 years (2006 – 2010)

Component (MYFF):

Total Budget: 10,500.000 Euros (project document signed in Euros)

Unfunded:

Implementing Partners: Government of Cambodia, Ministry of Interior

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Executive summary

2008 was an important year for DDLG as many changes were initiated in the areas of project management; coordination and partnership development (see Performance Review). During this year, the strategic direction of DDLG which is to strengthen democratic local governance through using Communes and Sangkats as entry points was reaffirmed and valued in the current national D&D reform process.

More important, major results were achieved, in the fields of Local Government Associations and Inter-Commune Cooperation initiatives (see below and Result Summary section).

Voice and Local Government Associations (Project Component 1 and 2):

In 2008, the NLC/S played a pivotal role in establishing PAC/S in the 8 remaining provinces. These new PAC/S (together with the 16 earlier established) were officially registered by the Government and adopted their own Statute in accordance with NLC/S regulations. Capacity is progressively being built among the new PAC/S through on-the-job training provided by a contracted NGO and direct support given by the NLC/S Secretariat and its Capacity Development Committee.

At the policy level, the NLC/S has this year taken an active role in the D&D policy dialogue at the NCDD level and contributed to the first 2 dialogues for the formulation of Cambodia's National Programme for Sub-national Democratic Development (NP SNDD). In terms of institutional development, the NLC/S established five committees to respond to: - Capacity development, - Financial sustainability, - Institutional development, - Public relations, - Partnership and advocacy.

In respect of Voice and Accountability, the NLC/S with support from the Senate and the Mol, conducted D&D regional and district forums and consultations. As a result, emerging local governance issues and challenges such as the representation of PAC/S in C/S policy formations, transparency in procurement of C/S projects, new delegation of functions, maintenance of physical infrastructures, were raised and are advocated at national and provincial levels.

Despite these results, the NLC/S and the PAC/S remain young and fragile institutions. Institutional development, prioritization of their goals and resource mobilization need to be further addressed.

Inter-Commune Cooperation for Pro Poor Projects (Project Component 3):

2008 is the 3rd funding cycle of the ICC component. This year, DDLG expanded its coverage areas from 10 (44 selected D/K) to 12 (54 D/K) targeted provinces. More important, Mol decided to revise the ICC Guideline to allow ICC projects to be implemented beyond district boundaries (Cross-District ICC). As a result, 65 new ICC projects were selected and followed the regular process of feasibility studies, procurement, contracting and implementation. By end December 2008, 31 projects were completed, 9 are about to be finalized and 25 are partly implemented (see annex: ICC Projects Progress Monitoring Spreadsheets, year 2007-08).

It should be recalled (as for other projects) that Cambodia's 2008 high inflation rate has impacted the implementation of several ICC projects. As a consequence, a number of ICC projects were abandoned by contractors and needed to be reassessed and procured.

Another important achievement to be reported is the formulation of a Guideline for ICC service delivery projects. This important document contributed to raise the attention on service delivery projects and proposed specific selection and management systems (aligned to the PIM) for

Communes and Sangkats to implement ICC non-infrastructure projects.

Gender:

Gender representation and issues were also at the center of DDLG planning and management. In 2008, under component 1, the national league succeeded in having an equal man to women representation at national level. Similarly, C/S organized ad hoc workshops for female councilors to strengthen women voice. Under component 3, representatives from the Women and Children Committees (WCC) have participated in the selection of the 65 new ICC projects and are ex officio members of ICC Project management committees.

Capacity Development:

In 2008, DDLG continued to address CD as a development objective as well as a requirement to implement and sustain project's outputs and outcomes. This year, a total of 4764 persons (incl. 945 female) directly benefited from the project's capacity development and training activities. Training activities were conducted at central and sub-national levels on the following main topics: training on D&D and the Organic Law; roles and responsibilities of PAC/S; advocacy and communication; conflict resolution; ICC cross-district orientation; ICC bidding and contract management; Project M&E; financial management, etc. The project also responded to individual needs (DDLG working group and project team members) by initiating a basic training need assessment and providing opportunities to enroll in private training centers and attend exposure visits.

Management and Coordination:

The DDLG AWPB was endorsed by the EC regional office (Bangkok) based on the recommendations of the Project Steering Committee Meeting of 18 December 2007. As of December 2008, the project delivery rate against the revised total annual budget (USD 3,331,313) reached 85%.

In 2008, coordination and management issues were addressed (see Performance Review) and the project's strategic direction was confirmed. In terms of human resources, MoI reorganized the composition of the 3 working groups and 2 focal points were assigned to support the ICC team. Under the authority of the National project manager, the national implementation team consists of 16 national counterparts. Among the UNDP advisory team, final recruitments were conducted and the team now comprises of an international coordinator, 2 international advisors, 7 national officers/advisors and 4 support staff.

2008 key management events:

- 1. 2007 annual audit carried by KPMG (in 10 provinces, the NLC/S and DoLA). Overall risk findings were assessed as low. 2008 UNDP Spot Checks confirms the implementation of the 2007 Audit recommendations.*
- 2. EC Financial Verification Mission (EC Court of Auditors, July 2008). Auditors reported proper fund management and compliance with UNDP and EC regulations. Verification was conducted at central, provincial and project site levels.*
- 3. EC Results Oriented Monitoring (ROM, September 2008), stressed the need for strengthening the project M&E system and the autonomy and financial sustainability of the NLC/S.*
- 4. Mid-year Project Steering Committee meeting (September 2008) reviewed DDLG's achievements and challenges and called for a Mid-Term Review, particularly to assess the need for a no-cost extension.*

5. *DDLG Mid-Term Review (November- December 2008), reaffirmed the strategic direction of DDLG in the context of the D&D reform process and formulated a set 16 recommendations at policy, management and technical level.*

I. Context of the DDLG project

DDLG is the successor of the UNDP Decentralization Support Project (DSP) that was implemented by the Ministry of Interior from 2001 to 2005 (and extended for 6 months to bridge with DDLG). Key achievements under DSP were:

- Formulation of the “Long Term Policy for Sub-National reforms” which paved the way for the design of the new Organic Law
- Creation of an enabling environment for Commune/Sangkats Associations
- Establishment of the first inter-commune cooperation (ICC) initiatives.

The EU-UNDP Project entitled “*Strengthening democratic and decentralized local governance in Cambodia*” hereinafter referred to as DDLG was formulated and submitted by UNDP to the European Commission in July 2004. The project’s financing proposal was approved by the EC-ALA Committee on November 2004 with a total cost of Euro 10.5 Million of which the EC contribution is Euro 10.0 Million and the UNDP contribution is Euro 0.5 Million. DDLG is a 5 years project (2006-2010) that should terminate by end 2010.

The project is executed by the MoI and the NLC/S under the leadership of the Project Steering Committee (PSC), which was established on February 7, 2006 by the Deputy Prime Minister, Minister of Interior. The Project Implementation and Management Structure comprises of three working groups (Operations, ICC Support Team and Association Support Team). Under the leadership of the Project Director and Project Manager, these teams are responsible for implementation and composed of national counterparts from the MoI and the MoP. The project is supported by a UNDP project team.

The general objective of the project is to contribute to poverty reduction by strengthening democratic and decentralized local governance institutions, systems, mechanisms and processes. The project uses commune councils as the entry point to achieve three complementary expected results (Project components):

- 1) **Component 1, Voice and Accountability:** Clearly defined and operational mechanisms and increased capacity put in place for good communication, accountability, dialogue, and partnership between commune councils and all other stakeholders to address issues of local governance;
- 2) **Component 2, Local Governance Associations and Network:** Network of commune councils established with institutional guidelines, and long-term objective to create a National League of Communes/Sangkats (NLC/S), for improved co-operation among commune councils and other actors and promotion of good conduct and practices; and,
- 3) **Component 3, Inter-commune cooperation projects (ICC):** Local area development needs addressed through implementation of pro-poor inter-commune projects as a means of developing good management capacity, processes and practices.

In addition, DDLG is since August 2008 contributing to the policy development work of the NCDD Secretariat.

II. Performance Review

Progress Review

As captured by the MTR (looking at 2008 specific results), DDLG made positive contribution to democratic local governance (see MTR Report and Project Results). In 2008, efforts were also made to strengthen DDLG's position in the complex D&D environment, especially in light of the coming National Programme for Sub-National Democratic Development (2010-2020).

1. Overall progress towards the CPAP outcome and outputs

DDLG's contribution to UNDP Cambodia's Country Programme Action Plan outputs (as define under 3.1, 3.2, 3.3, 3.4 –prior to 2008 CPAP revision) is on track.

Voice and accountability mechanisms are reinforced through the creation of the NLC/S and the establishment of the 8 remaining PAC/S. Whilst recognizing that these institutions are in the early stage of development, they are increasingly strengthening the voice of the lowest level of local government and contributing to the current D&D reform process (ex: NLC/S now attends all dialogues for the formulation of the D&D NP).

The joint EC and UNDP project is also contributing to pro-poor local development and improving civic participation through the project's Component 3 (Inter-Commune Cooperation). In 2008, 65 new ICC projects were selected and implemented in the 12 targeted provinces (see annex ICC table). An ICC Report and Guideline for Service delivery projects was produced and highlights innovative concepts related to community demand, participatory planning, and management of pro-poor projects.

2. Capacity development

In 2008, DDLG continued to address CD as a development objective as well as a requirement to implement and sustain project's outputs and outcomes.

The UNDP assessment on technical cooperation and capacity development in support of D&D (Sue Graves, 2008) highlighted the "flexible arrangements" (mentioned in DDLG prodoc) which allows DDLG "to respond to Government requests". The MTR has also recognized that the project's *"impact on capacity development seems high" through addressing "capacity development needs by focusing on institutional needs of MoI and the LGAs as well as individual needs and expectations at project level"*. In 2008, a total of 4764 persons (incl. 945 female) directly benefited from the project's capacity development and training activities.

Under Component 1 and 2: The NLC/S Secretariat organized a number of capacity building and training initiatives targeting NLC/S Secretariat, PAC/S members and Commune Councilors (see table in annex). A total of 2446 (incl. 516 females) participated in NLC/S training programme.

At the national level, the NLC/S with DDLG, GTZ and VNG organized trainings on the Organic Law and workshops for PAC/S and NLC/S to help formulate the NP SNDD (dialogue process). At the NLC/S level, the NLC/S's Chairpersons and an MOI delegation attended international conferences on LGA in Thailand (UCLG regional congress, July 2008), Korea and the Philippines. In February 2008, the NLC/S hosted a Southeast Regional Workshop to share experiences and practices related to local government with LGAs from Indonesia, Nepal and the Netherlands.

At the provincial level, Center for Development -CfD was contracted to provide capacity building support to PAC/S in 12 provinces in the areas of planning, finance, budgeting and management (922, including 112 females). NLC/S also carried out field monitoring visits to support PAC/S especially in the area of administration and financial management.

Under Component 3: The project conducted CD and trainings activities at sub-national levels. As anticipated in ICC the Training Plan (see Annex), provincial trainings were conducted for the newly developed ICC projects for cross district cooperation. In the first quarter, 5 refresher training courses (for trainers from the 12 targeted provinces) were organized. Subsequently, C/S councilors and facilitators in 54 selected districts were trained on the revised ICC guideline. During the period covered by this report, a total of 2,318 provincial staffs (429 female), district authorities, district technical staffs and ICC project management committee (PMC) members were trained (or refreshed) on ICC project management.

Apart from the above mentioned institutional requirements the project also responded to individual needs (DDLG working group and project team members) by initiating a basic training need assessment and providing opportunities to enroll in private training centers.

3. Impact on direct and indirect beneficiaries

Considering that DDLG activities have expanded in 8 new provinces under component 1 and 2 (eg: PACS established) and in 2 new provinces under component 3, the project reached a larger number of direct and indirect beneficiaries. Looking more specifically at component 1 and 2, the project' activities contributed to increasing the voice and downward accountability of PAC/S members and Commune councillors (direct beneficiaries) and subsequently the voice of their constituents (indirect beneficiaries). Under component 3, apart from the geographical expansion (2 new provinces), the fact that ICC projects were part of the 2008 C/S investment programme (annual) and C/S development plan (5 years) is an indicator of the impact that the project can have in respect of pro-poor local development initiatives (and advocating for the MDGs). As stated in the MTR, *"ICC project can have a good potential poverty alleviation impact"* (statement based on the example of an inter-communal road in Kampong Chanang giving communities better access to schools, rice paddies and health centres).

At the central level, DDLG's contribution to the D&D national reform process and, more specifically its role in supporting local government associations and facilitating inter-commune projects is widely recognized and valued. DDLG is today referred as the project that helped create and strengthen the first LGA in Cambodia. The "lead" position that UNDP holds at the NLC/S level and the increased interest of Government and development partners for the NLC/S is an example of the positive impact that the project made.

Implementation strategy review

1. Participatory/consultative processes

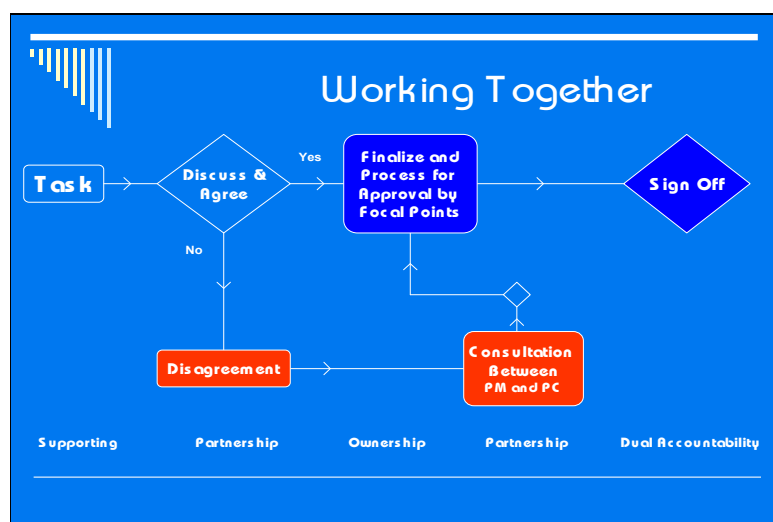
In 2008, DDLG continued to engage with councilors, sub-national authorities and national counterparts. These engagements were essential to ensure that the project responded to the needs and concerns of its beneficiaries for strengthening democratic local governance and initiating inter-commune pro-poor local development projects.

Looking at component 1 and 2, the 2008 AWP and activities of the League (and associations) were prepared subsequent to a series of consultative meetings engaging institutional stakeholders at all levels. Similarly, the 2008 ICC projects were selected based on C/S planning process which of course required the participation of local residents (before projects being reviewed in District Integration Workshops and presented at the Provincial level).

Gender representation and issues were also put at the center of DDLG planning system. As a result, the league implemented a 50-50% gender balance policy at national level. In addition, ad hoc workshops and forums were organized by and for female councilors. Under component 3, representatives from the Women and Children Committees (WCC) participated in the selection of the new ICC projects and are ex officio members of Project management committees.

Within the project, regular technical coordination meetings were conducted among working groups and a set of formal meetings established. In this respect, a "working together mechanism" was agreed to facilitate communication (and decision making) among the project team and the national counterparts (see chart bellow). The first project retreat took place in October 2008 for the preparation of the 2009 AWPB. This exercise led by the National Project Manager engaged all the project members (including UNDP CO staff) in a brainstorming exercise to discuss the goal of the project (by end 2010 or 2011), identify key milestones (for the next 2 to 3 years) and subsequently start planning and budgeting the 2009 AWPB. This exercise was continued with other planning meetings in Phnom Penh and allowed project staff to better measure the specificity and added value of DDLG among other D&D projects. For this, the project developed series of planning tools (including M&E indicators against 2009 AWP) to stimulate strategic thinking and help plan/coordinate activities and budget.

It should be noted that the MTR found that participation issues have *"been addressed through strengthening project teamwork, building trust and cooperation"*.



2. Quality of partnerships

Among Steering Committee Members:

- Government of Cambodia, Ministry of Interior: Whilst DDLG earlier faced challenges in building synergies between the previous international advisory team and MoI, relations in 2008 have improved through regular interactions between the Project Manager, Working Group members and the UNDP project team. A part from more regular coordination meetings, the appointment of focal points and the use of shared offices contributed to reinforce the partnership and simplify decision making process. With the NLC/S, the MOI Working Group maintained close consultations with the League's Secretariat and was increasingly engaged in decision making and supporting activities.
- UNDP: Whilst the change in staff in DDLG and in UNCP CO impacted the relations and timely delivery of the 2008 outputs, the relations between MoI and the UNDP CO remain very cooperative. In 2008, clearer division of responsibilities and communication lines were established and contributed to a more effective organization of work.
- EC Delegation: During 2008, the relations between MoI and the EC Delegation remained stable. The Head of the EC Delegation took personal attention to support DDLG and praised the project for its contribution to the D&D reform whilst focusing on the lowest sub-national level. It should be noted that the EC is since 2008, increasingly associating the NLC/S in events related to civil society, rights and governance.

Partnerships with NCDD and other Government institutions:

- In 2008, DDLG through MoI continued to associate the Ministry of Planning, the Ministry of Economy and Finance, the Ministry of Rural Development and the Ministry of Women Affairs in its Project Steering committee meeting.
- During the period covered by this report, the project strengthened coordination with the NCDD Secretariat and PSDD. DDLG participated in NCDD 2008 AWP/B (DDLG is part on NCDD AWPB) and consulted the NCDD and PSDD teams in the formulation of the latest ICC guidelines as well as on LGA issues. With PSDD, the 2 project teams interacted and exchanged information on regular basis (also refer to DDLG Policy advisor activities). As an example of this interaction, DDLG will from 2009 support capacity development efforts in 54 districts (pilot).

Partnership with Development partners and the NP SNDD Design Team:

- Relations between DDLG and other development partners are being built. In 2008, communication was improved with SIDA (as co-chair of the TWG), DFID, the EU, the GTZ, France, USAID, the World Bank, ADB, UN agencies as well as NGOs (e.g.: PACT, CCSP, CFD).
- With GTZ, VNG (Dutch association on LG) and FCM (Canadian organization), the NLC/S conducted joint activities that included trainings on the Organic Law, on communication and consultations on the financial sustainability of the League.
- With the NP SNDD Design team, the project participated in technical meetings and advocated for an increased role for the NLC/S in the dialogue process. As a result, the NLC/S participated in the NP SNDD dialogue process and should have a permanent seat in the sub-committees of the new NCDD structure.

3. National ownership

During 2008, national ownership (at central and sub-national levels) was reinforced as a result of the ongoing (participatory) planning and implementation process and because of an increase attention to ensure that decisions (policy and technical) are made by those who are implementing the project. As reported by the MTR there is a *“high level of ownership to the DDLG outputs from all levels of government. This in itself is a precondition for long term sustainability”*.

Among the results, one could mention the decision taken by the Deputy Prime Minister to formally recognize the C/S National Best Practice Award as a national programme. Likewise, the decision taken by the Senate to organize regional workshops and the involvement of NLC/S and Mol leadership in preparing and searching for political consensus for the establishment of the PAC/S are important signs of ownership. Under component 3, the decision taken by Mol to revise the ICC guideline to allow cross-district initiatives (new Guidelines signed by the Mol Secretary of State) again demonstrates the interest that the government had, in 2008, for the systems developed by the project.

4. Sustainability

From a systematic point of view, sustainability was addressed looking at policies and capacities. In this context, efforts were made to ensure that DDLG activities can be sustained within NCDD, Mol and/or NLC/S policies and systems.

As examples we can mention the 2008 training programme conducted by the NLC/S to strengthen the PAC/S in view of implementation of the Organic Law (and the coming NP SNDD), as well as the decision of Mol to align the ICC guideline with the revised PIM.

At the sub-national level: The support given by Provincial authorities and Commune Councilors for the creation of the remaining PAC/S is another indicator of sustainability. Regarding ICC, while decision making powers for ICC project implementation and management are under the C/S Councils, the implementation of ICC projects also relies on the PRDC. In 2008, these structures continued to support the C/S in ICC project management (and the support from PSSD provincial advisors should also be mentioned). As reported in the MTR, all these sub-national actors are fully aware of ICC procedures: *“The very clear explanation of procedures and benefits of ICC projects given to the MTR team by project beneficiaries during the field trip also indicates a strong ownership to the ICC project modality”*.

Of course, sustainability was also addressed through capacity development, coaching, providing trainings at central and sub-national levels and promoting leadership (see previous part on CD and Quality of partnership). At the financial level, the issue of sustainability needs to be further addressed particularly for the independence of the NLC/S. In 2008, the project contributed to a preliminary analysis on the NLC/S financial sustainability (VNG).

Management effectiveness review

1. Quality of monitoring

DDLG addresses M&E at programme, operations and financial levels. In 2008 the project collected M&E indicators related to: capacity development and trainings (incl. gender disaggregated data); procurement and financial management; C/S issues and challenges; ICC planning process and project management (see attached list of M&E indicators). Although these indicators were collected by the 3 project components there is a need for the project to report these indicators more comprehensively and systematically.

Besides the above mentioned M&E system, 2 major financial audits took place (Annual audit performed by KPMG and a verification mission conducted by the EC Court of Auditors). The 2 audits confirmed the proper utilization of funds and compliance with administrative and financial regulations. The EC Court of Auditors also recommended UNDP CO to ensure that all activities recorded in the ATLAS system can be easily matched with the financial report submitted to the EC.

Regarding the project progress towards the expected outcomes, 2 other missions were conducted in 2008 (Result Orientated Monitoring mission carried out by the EC and the DDLG Mid-Term Review initiated by 2 independent consultants). Both missions highlighted the results made by the project and pointed out the importance of DDLG in the context of the current D&D reform process. The evaluations also called the project to develop more activities under component 1, to strengthen the LGAs strategically and ensure that ICC systems are progressively integrated in national policies. At the project level, it was recommended to strengthen the M&E system.

The MTR (Nov-December 2008) was initiated by a desk review of key documents, technical reports, analysis and strategies produced by the project and other stakeholders. Semi-structured interviews were conducted with relevant stakeholders at central and sub-national levels, including with UNDP and the EC Delegation, Development partners and NGOs. The MTR report is structured around the focus areas identified by the TOR and the traditional evaluation references – relevance, impact, sustainability, effectiveness and efficiency – are captured as cross-cutting themes in the report. (See MTR Executive summary and Recommendation in Annex).

2. Timely delivery of outputs

DDLG disbursement rate reached 85.41% by the end of the year. In 2008, the project faced difficulties in delivering in time a number of expected outputs especially under component 1 and 2. The reasons being that, in the context of the National Elections, the project had to suspend activities that were politically sensitive (e.g.: regional forums, establishment of PAC/S, implementation of certain ICC projects, etc). In addition the late recruitment of new project staff has impacted the implementation and delivery of plan activities.

3. Resource allocations

DDLG EXPENDITURES (in USD)		
January- December 2008		
Description	Actual Expenditure	Percentage
Component 1	\$ 73,756.12	2.59%
Component 2	\$ 167,611.23	5.89%
Component 3	\$ 2,005,453.85	70.48%
Management	\$ 182,466.07	6.41%
Human Resource	\$ 415,977.59	14.62%
Total	\$ 2,845,264.86	100%
Approved Budget 2008 :	\$ 3,331,313.14	
Delivery Rate:	85.41%	

4. Cost-effective use of inputs

Whilst DDLG has not conducted a detailed assessment of the cost-effectiveness of the interventions carried out in 2008, it should be recalled that the project is operating under the NCDD Manual of Financial Procedures and the MoI PIM which sets standards planning, budgeting and procurement rules. The quantity of resources mobilized to implement DDLG's AWP was therefore aligned with Government regulations and comparable to other donor supported interventions.

Under component 1 and 2, with less than 9% of project' annual budget, DDLG contribution was essential for organising regional and district forums and establishing the last 8 PAC/S. It should be noted that these outputs are the results of a series of awareness and political activities for which it is extremely difficult to set quantifiable indicators (eg: advocacy; consensus building, etc).

In respect of ICC, under USD 2,005.453 total annual budget, 90% of the allocation was used for the direct implementation of the 65 projects (contracts) and 10% earmarked for capacity development (provincial trainings) and operational support. Each ICC project was contracted competitively and transparently in accordance with NCDD and MoI regulations and in line with the market prices.

In terms of cost-effectiveness, the MTR has also called "*UNDP and the EC to consider using common planning, budgeting and reporting formats as well as joint review missions. This would help reduce transaction costs and the administrative burden on MoI and NLC/S as well as position DDLG in line with the commitments of the Paris Declaration on Aid Effectiveness*".

Visibility of the EU contribution (EC reporting requirement)

DDLG project is complying with the EC Information, Communication and Visibility guidelines.

The project is clearly identified –and mentioned as- among stakeholders as the EC-UNDP project for local governance. Besides visual signs on documents, reports, posters, flyers, backdrops, offices, vehicles and project signboards (e.g.: roads, bridges, etc), the EC visibility has been substantively strengthened in 2008 through the national and local media. Cambodian televisions and news paper have regularly mentioned the support of the EC and UNDP when reporting on DDLG, NLC/S and ICC activities. The September PSC meeting was broadcast on television and mentioned in national newspapers. VOA interviewed the NLC/S Chairperson and referred to the EC and UNDP’s support. More recently the UNDP Equity TV programme broadcast a show on the NLC/S and an article on ICC projects was published in the latest UNDP Newsletter. Visibility is also promoted at the occasion of foreign delegation visiting the project as well as during DDLG missions abroad.

III. Project Results Summary

Component 1: Creation of voice and accountability mechanisms

The main accomplishments of the NLC/S with regards to component 1 are the successful implementation of the Regional Forums and NLC/S' proactive role in the distribution and dissemination of the Organic Law promulgated in May 2008. The Regional Forums are a joint initiative of the NLC/S, the Senate and the Ministry of Interior (MOI) with involvement of the Ministry of Economy and Finance (MEF), and the Ministry of Planning (MOP). In these forums the C/S Councilors of each of Cambodia's Regions (8 in total) are stimulated to discuss their mutual problems and successes, and communicate these to the aforementioned institutions. These are good instances of how the NLC/S has been able to assume one of its main aims: to raise the voice of its local members, the C/S Councils. They also show that the NLC/S has already been able to draw the attention of the RGC as a serious governance and partner representing the voice of local government. Its inclusion in the NCDD Dialogues for the formulation of its 10 Year Program for Sub-national Democratic Development corroborates its increasing clout (see component 2, activity 8).

The NLC/S, with the technical support of DDLG, has also realized that its C/S members need to be adequately informed in order to raise their voice in constructive ways. Therefore, it stresses the need to communicate the relevant issues to its members, being in the process of developing a communication strategy (see component 2, activity 5). In this respect NLC/S' most urgent task in 2008 has been the distribution of the new Organic Law and the training of its members for them to understand the Law's implications.

Activity 1: Development of better mechanisms for multi-stakeholder dialogues through District and Provincial Forums among CCs & sub-national authorities, CSOs/NGOs, citizens & other stakeholders

- The discussion and dialogue on decentralization and de-concentration is a key element for democracy and good governance. In collaboration with the Senate and MOI, the NLC/S organized three Regional Forums in 2008 providing C/S Councilors the opportunity to raise issues and concerns requesting intervention from representatives of the Senate, MOI, MOP and MEF in order to promote the effectiveness and efficiency of development projects and service delivery. The three Regional Forums covered six provinces: Kandal, Prey Veng, Svay Rieng, Takeo, Kampot and Kep. One of the results of the Regional Forums has been that the MOI will start providing courses on C/S management, administration and finances to (newly elected) C/S Councilors. One of the major complaints of the C/S Councilors in the Regional Forums was that they had not received any training since the last C/S elections in 2007.
- The district forum is an important event giving Councilors from all C/S the opportunity to meet with district authorities and other relevant stakeholders identifying key concerns. Some of the C/S Council issues were resolved through these forums, such as the official recognition by MOI that C/S Councils are able to request the immediate dismissal of commune clerks who do not properly do their job (commune clerks are MOI employees). With financial support of DDLG, in 2008 NLC/S has supported the PAC/S in piloting district forums in four provinces: Sihanouk Ville, Prey Veng, Battambang and Takeo (10 districts). What is more, these experiences have been taken up by CfD (a local NGO) which has been contracted by the NLC/S to strengthen the PACs (see component 2,

activity 7). In Svay Rieng (7 districts), Phnom Penh and Kandal PACS have used their own membership fees to organize district forums with technical assistance of CfD.

- Because of the decentralization process in Cambodia C/S Councils are playing increasingly important roles in development projects and service delivery to local residents. In the process, though, C/S Councils face major challenges. In cooperation with the Senate, NLC/S organized a workshop on 3-4 November 2008 to discuss one such challenge: the promotion of transparency in the bidding process of C/S projects. This event provided the opportunity for the C/S Councils (PAC/A) to raise their concerns in the presence of representatives from 12 Ministries and the Senate requesting ministerial recognition of the problem and support for C/S proposals at DIW.

Activity 2: Development, piloting & implementation of recognition / promotion system for good local governance practices & innovations for CCs and other stakeholders

- The Best Practice Award for outstanding C/S Councils and CSO-C/S Council partnerships has made important progress: the outline and concept of the award scheme have been officially approved by the NCDD Chairman on March 14th, 2008. The NCDD approval includes initial agreement on the roles and responsibilities of DOLA, NLC/S and CCSP (NGO). The exact work plan and the budget are being developed and expected to be starting in first quarter 2009. The major issues of discussion are the national ownership of the programme and the incorporation of a strategy that secures the replicability and sustainability of the award scheme without external technical support.

Activity 3: Local-to-local exchange program for Commune Councils (CC), local authorities, CSOs, and local citizens

- The exchange programme was linked to the identification of the communes with the best practices and will therefore start after activity number two is completed. The Best Practice Award is anticipated to conclude in 2010.
- With DDLG financial support the NLC/S has hired CfD (local NGO) to stimulate, amongst other things, local-local exchanges of experience (see component 2, activity 7). Representatives of the PACs in the 12 provinces where CfD operates have participated in several exchange visits as part of the capacity building efforts to strengthen the PACs.

Activity 4: Capacity development for effective participation in and improved management implementation of local governance activities

- The 2008 Organic Law includes provisions for accountability of C/S (and District and Provincial) Councils to local residents. Accordingly, NLC/S in collaboration with DDLG, VNG and GTZ organized a big training event on the Organic Law involving 30 participants from all the 24 PAC/S. The training took place on 14-16 October 2008 and provided ample opportunity to discuss and identify key issues of the new law, and to find ways forward to advocate these to NCDD and other stakeholders.

Component 2: Establishment of Commune/Sangkat Associations

The most far-reaching results have been accomplished in component 2. Most importantly the NLC/S, with technical and financial support of DDLG, was able to establish PACs in the remaining eight provinces of Cambodia. At present each of the 24 Cambodian provinces has an officially registered PAC promoting the interests of its 1621 C/S Councils. This has been a time-consuming endeavor conducting workshops and training courses to mobilize the C/S Councils, to disseminate the concept of local government associations, to discuss and to approve PAC statutes, internal regulations and financial guidelines in eight provinces.

At the national level the NLC/S delivered on its Strategic Plan establishing 5 Committees related to all of its strategic areas: Capacity Building, Institutional Development and Financial Sustainability, Public Relations, Advocacy and M&E. Moreover, the NLC/S reviewed and finalized its internal administrative and financial guidelines, and for 2008 has received all membership fees of 17 PACs. In addition to the membership fees and DDLG support, the NLC/S has been consolidating and broadening its resource basis receiving support from the Senate, VNG, FCM, KAS, and GTZ in 2008. The DDLG support has been critical to give the NLC/S the financial and technical credibility to attract these partners.

Crucially, the NLC/S has also designed an extended M&E questionnaires with the aim to monitor the main outputs and outcomes of the PAC/S' activities. This questionnaire has been developed by the M&E Committee which has visited three PACS receiving technical assistance from CfD (Kampong Cham, Prey Veng and Svay Rieng) and one control province without CfD support (Kampong Thom). This exercise has prepared the conceptual and practical ground to develop a solid NLC/S monitoring system.

Activity 5: Establishment of a functioning network promotion and support unit (NPSU) to support the activities of the network of CCs

- The envisaged Training Needs Assessment should be thoroughly revised before its implementation, taking into account the present capacity of the NLC/S and the existing research in this field in Cambodia. This was the conclusion of an international consultancy funded by VNG. The NLC/S has been convinced and has started to review the present assessment strategy. For 2009 the NLC/S considers the execution of a comprehensive assessment exercise of the needs and challenges of the C/S Councils as one its priorities. It will involve a desk review (funded by VNG) and provincial surveys (to be funded by DDLG) which will finish in 2010.
- ICC concept was introduced to NLC/S ExCom at its 7th meeting in August 2008.
- With support of KAF, the NLC/S organized a large workshop on decentralization and de-concentration with 52 participants from all the 24 PAC/S. This workshop took place 17-20 September 2008 in Batambang province.
- With support of FCM, the NLC/S organized a workshop in order to discuss and develop an institutional Communication Strategy. The participants consisted of all the National Executive Committee members.
- C/S Councilors training on statute and rule of C/S association has been mainstreamed in the 2008 NCDD training plan. Due to the NCDD D&D reform process and the 2008 elections of the National Assembly, the training will be implemented in 2009.
- NLC/S chairpersons and the PAC/S chairpersons of the 6 provinces that are receiving technical assistance from CfD, met to review and evaluate CfD performance in the first phase of the project.

The meeting was held on May 16th, 2008, and concluded that CfD assistance was satisfactory and should be continued. At the end of 2008 12 PACs were receiving support from CfD.

- With VNG co-funding, the NLC/S hosted an international workshop in February 2008 in Siem Reap province. This workshop aimed at discussing and sharing experiences regarding the management of Local Government Associations and decentralization processes. The participants of this workshop were Local Government Associations from Indonesia, Nepal, the Netherlands and Cambodia, and additional stakeholders such as the MOI technical support group, GTZ, KAS and other development partners.

Activity 6: Establish Network of Commune Councils (NCCs) at the Provincial / Municipal levels (PAC/S) in support of the establishment of a National Association of Commune Councils (NACC/NLC/S) in Cambodia.

- 17 PAC/S collected full membership fees from their members (C/S Councils) and transferred 15% to the NLC/S. The Deputy Prime Minister, MOI, and Chairman of NCDD officially endorsed the agreement stipulating that each C/S Council allocates 300,000 Riels (US\$ 75) of its administrative fund to pay for the PAC/S (and NLC/S). In August 2008, at the 7th meeting of the National Executive Committee of the NLC/S, its members discussed and agreed to a plan to convert the flat 300,000 Riels membership rate into a differentiated rate in accordance with the size of the C/S Council budget. In October 2008, the NLC/S submitted the proposal for a differentiated membership fee rate to the Deputy Prime Minister, MOI. Negotiations are still in process.
- The NLC/S administration and financial guidelines were reviewed and have been finalized on May 4th, 2008. The financial guideline applies to the revenues received from membership fees since development partners such as DDLG and VNG insist on using their own financial procedures. The NLC/S still aims at unifying its administration and financial guidelines but recognizes that it will take time to establish a consensus with its donors.
- The NLC/S is acutely aware of the need to design a strategy towards financial sustainability. In October 2008 a VNG international consultant mapped out the possibilities of such a strategy recognizing that it cannot be achieved in the short or middle term. To ensure financial self-reliance once DDLG support phases out, it was recommended that the NLC/S develops a long term financial exit strategy. This will be developed after the revision of the NLC/S Strategy in 2010.
- Besides continued DDLG financial support, the NLC/S has mobilized additional resources from partners such as VNG (including salaries of Secretary General and Programme Assistant), FCM (overseas study tour and development of Communication Strategy), KAS (training on good governance and D&D, September 2008), and GTZ (training on Organic Law, October 2008).
- In 2008 the NLC/S has mobilized additional resources from the Senate to cover part of the costs of organizing Regional Forums.

Activity 7: Develop the capacity of members of NCC and NPSU for policy dialogue and advocacy, promotion of inter-commune cooperation, exchange of information, and management of NCC affairs.

- The 2008 top priority of the NLC/S has been the establishment of Provincial Associations of Communes and Sankats (PAC/S) consuming substantial resources and a lot of time. Under guidance of MOI, the NLC/S conducted workshops in the 8 remaining provinces aimed at disseminating the general concept of a Local Government Association, discussing and approving PAC statutes and internal regulations, and mobilizing C/S Council membership. As a result, the 8 provinces formally established PACs by organizing congresses, electing representatives on their governing bodies, and legally registering as non governmental institutions at the Department of Political Affairs, MOI. Subsequently the NLC/S has added 374 C/S Councils as members in 2008. At present the NLC/S formally represents all 1621 C/S Councils covering all 24 provinces.

- In order to support the PAC/S, the NLC/S contracted the Centre for Development (CfD) to provide technical assistance to 6 PAC/S in July 2007. In August 2008 this number was extended to 12 provinces: PVG, SRG, Kg. Cham, PHN, TAK and KDL (provinces of first phase), and PLN, PVR, ODM, Kg. Chhnang, MDK and RKR. Technical assistance has been provided in two modalities: on the job training (including exchange visits) and more traditional training courses. On the job training focused on the development of annual work plans and budgets, activity implementation, development of administration and financial guidelines, daily management, administration and operation, and filing systems. Training workshops centered on conflict resolution, communication skills, and TNA.
- In order to strengthen the PAC/S, the M&E Committee of the NLC/S reviewed the performance of four PACs in November-December 2008: Kg. Cham, Kg. Thom, PVG and SVG. The monitoring exercise focused on the quality and quantity of services of the PACs and the technical assistances provided by CfD. Based on the M&E Committee's findings, it formulated several recommendations for the NLC/S and the PACs. They will be taken into account when CfD's contract expires in 2009 and negotiations will start for a possible extension.
- After their official approval by the NLC/S, the PAC/S secretaries received training on the financial and administration guidelines in June 2008. The guidelines were distributed to all members at the 6th National Executive Committee meeting in May 2008, and at the 4th National Council meeting in December 2008.
- In February 2008 five Committees of the NLC/S were established in order to work and focus on specific issues related to advocacy, capacity building, public relations, institutional development and financial sustainability, and monitoring and evaluation. After their creation the committees have met several times and each of them has developed a short term strategy (3 years). The NLC/S considers the Committees as crucial moderators of the C/S Councils interests.
- The NLC/S has regularly conducted meetings of its governing bodies: the National Council, the National Executive Committee, and the National Board. The meetings were aimed at i) the review of the performance/progress of NLC/S, ii) discussion and approval of next activities, iii) discussion on challenges and issues faced by C/S Councils, and iv) the dissemination of information and sharing of experiences among the PAC/S. The National Executive Committee met twice (Pailin in May, and PHN in August) and the annual National Council meeting was conducted in Siem Reap (December 2008). The meetings amongst the NLC/S chairpersons and MOI counterparts have regularly taken place.

Activity 8: Organize and facilitate the conduct of Provincial & Annual National Congress of CCs

- Events such as the two NLC/S Excom meetings, the National Council meeting, PAC/S consultation and training workshops, and PAC/S congresses have been broadcasted by national TV and radio.
- Two thousand bulletins have been published and distributed amongst C/S Councils, 5000 posters on C/S Council functions, more than a thousand booklet containing the 2008 organic law, and 2000 NLC/S information folders. In addition, NLC/S T-shirts have been produced and disseminated to commune councilors from the PAC/S that received technical support from CfD. The UNDP Equity Programme also broadcasted a magazine on PAC/S. and an interview was given to Voice of America (VOA) by the NLC/S chair(October 2008).
- In 2008 NLC/S chairpersons, PAC/S chairpersons, and NLC/S secretariat staff have traveled abroad and developed contacts with Local Government Associations in the Republic of Korea, Thailand, China, Germany, the Netherlands and the Philippines.

Component 3: Inter-commune cooperation for pro-poor projects

In 2008, with an ICC total annual budget of USD 2,005.453, DDLG has expanded its coverage areas from 10 (44 selected D/K) to 12 (54 D/K) targeted provinces.

Whilst ICC projects were initially only possible within the district boundaries, the MoI decided in 2008, to expand the possibility to allow ICC cross-district projects. In 2008, 65 new ICC projects were selected and followed the regular process of feasibility studies, procurement, contracting and implementation. By end December 2008, 31 projects were completed, 9 are about to be finalized and 25 are partly implemented (see annex: ICC Projects Progress Monitoring Spreadsheets, year 2007-08).

During the period covered by this report, the project also supported MoI in revising the ICC Guidelines to further align them with government policies (eg: PIM). In addition, a specific guideline was drafted for ICC service delivery and contributed to raise attention on the importance of non-infrastructure projects. It should be noted that the PIM which is now revised includes several procedures proposed in the DDLG guideline.

As captured by the MTR, "DDLG has made good progress in implementing ICC projects". The MTR further mentioned that: "it appears that ICC projects have good potential poverty alleviation impact".

Activity 9: Develop and undertake adaptation of systems and procedures for identifying, formulating, implementing, monitoring and evaluating pro-poor inter-commune projects and joint undertakings

- Two approved ICC project management and implementation guidelines were put in place for ICC project selection and implementation in 2007-2008 funding cycle. One guideline was approved in 2007 where the project selection and management process are more consistent and harmonized with project management system of District Initiative Pilot Project (DIP) at district/khan administration (the next higher government administration level at sub-national). This guideline was adopted by 454 communes/sangkats in 44 districts/khans of 10 ICC targeted provinces/municipalities.
- Another ICC revised guideline was approved in May 2008 and adopted by 102 communes in 10 districts of two targeted provinces namely Banteay Meanchey and Kampot. This document is known as Guideline on ICC Project Management Process (cross-district) and lends itself closer to the Project Implementation Manual of commune/sangkat (PIM), where the entire ICC project selection and management responsibilities fall over the commune/sangkat mandates. Further, this newly revised guideline allows communes/sangkats within different districts/khans to cooperate in project selection and management where the 2007-approved guideline does not have such feature.
- The 2008-approved guideline was presented to concerned NCDD and DIP working group members for comments and suggestions to improve its quality and recognition and at the same time to ensure its consistency and harmonization with existing formal commune/sangkat guidelines.

Activity 10: Conduct capacity development activities for support to and implementation of pro-poor inter-commune projects

- To increase the efficiency of local governance and project implementation several training sessions were organized at different levels for different project stakeholders. Total of 2,318 provincial staffs (429 female), district authorities, district technical staffs, ICC project management committee (PMC) members trained in ICC project management by provincial and municipality support staffs. Further, 613 staffs (76 female) from ICC targeted 12 provinces/municipalities trained in ICC 2008-approved guideline for 2009-funding cycle by national ICC working group members.

- ICC national working group members also attended project planning trainings organized by a private firm (VBNK), orientation on project guideline was also provided by the project officer.

Activity 11: Identify, fund and implement pro-poor inter-commune development cooperation projects

- For the implementation of 2008 ICC projects, 12 memorandums worth USD 1,832,000 were signed between Ministry of Interior and provincial/municipal governors.
- As of the end of this year out of the 65 ICC project approved, 55 contracts have been signed and 31 projects completed.

Activity 12: Conduct analytical studies and policy analysis to identify issues, develop policies and options to further advance decentralization reform implementation and improve coordination between the RGC, local authorities, donors, CSOs, CCs and other stakeholders.

- To enhance the capacity of the commune/sangkat to implement service delivery projects for its constituents, a first draft of ICC service project management guideline was prepared. This document was referred to and utilized by MoI for the revision of the PIM.

Component 4: Project Administration and Management

At the administration and management level, key actions were undertaken in 2008. Coordination and management issues were addressed and "serious efforts are made to strengthen mutual cooperation and knowledge sharing among project staff and Mol counterparts (MTR)". In 2008, clearer division of responsibilities and communication lines were established and contributed to a more effective organization of work.

In term of finances, the 2008 total expenditures amounted to USD 2,845,264 million which represents a delivery rate of 85.41%. In the area of human resources, Mol reorganized the composition of the 3 working groups and 2 focal points were assigned to support the ICC team. Among the UNDP advisory team, final recruitments were conducted and a new international advisory team is in place since May 2008.

In 2008 the project collected M&E indicators related to: capacity development and trainings (incl. gender disaggregated data) ; procurement and financial management; C/S issues and challenges; ICC planning process and project management.

Activity 13: Inception and mobilization activities

Human Resource:

At the national level, a few changes were made by Mol in the composition of the national working groups (total of 16 national counterparts) and 2 focal points were assigned to support the ICC team. From 2009, and subsequently to the nomination of HE Leng Vy as the Mol Director General, it is expected that the following changes are made:

- Mol, Secretary of State: Chair of the DDLG Steering Committee
- Mol. Director General: Project Director
- Director of DoLA: Project Manager

Within the UNDP project team, a new team of international advisors was recruited from May 2008. The Project Coordinator/Advisor to Mol took his assignment in May 2008, followed by the Policy Advisor to the NCDD/S and DoLA who arrived in August, and the Local Government Associations Advisor based in the NLC/S who joined the team in November. As the position became vacant, a national assistant (for component 1 and 2) was recruited in November. The UNDP project team now comprises of a total of 14 staff (3 international staff), 11 national staff (4 project officers; 3 project assistants and 4 support staff). The Mid-Term Review recommended the project to review its staffing needs, adjust ToRs and possibly envisage new recruitments to improve coordination, M&E, communication and capacity development.

Consultancies and Studies:

As per the 2008 AWPB, two consultancies were conducted in 2008:

- Formulation of guidelines for ICC service delivery projects.
- Project Mid-Term Review

Activity 14: Project implementation management

Budget and Financial Management:

The DDLG 2008 Annual Work Plan and Budget was endorsed by the EC Regional Office based on the recommendations of the Project Steering Committee (PSC) meeting of 18 December 2007.

The project 2008 total expenditures amounted to USD 2,845,264 million which represents a delivery rate of 85.41% (total revised budget: USD 3,331,313). In 2008, 14.62% was spent on HR, 70.48% on ICC pro-poor investments, 8.48% on LGAs and 6.41% on institutional capacity building, trainings and operations.

A budget revision is now required to address the question of the no-cost extension and respond to project emerging needs (e.g.: capacity development, M&E, downward accountability, service delivery, etc).

Activity 15: EC-UNDP Contract required evaluation

The following contractual evaluations took place in 2008:

- *2007 annual audit exercise carried by KPMG (in 10 provinces, the NLC/S and DoLA)*
- *2008 UNDP Spot Checks*
- *EC Financial Verification Mission (EC Court of Auditors, July 2008).*
- *EC Results Oriented Monitoring (ROM, September 2008)*
- *DDLG Mid-Term Review (November- December 2008)*

New activity: DDLG's support to policy development

As agreed by UNDP and the EC and in consultation with MOI, NCDD and Development partners, a Policy advisor (PA) was recruited (August 2008) under the DDLG project with a dual mandate: Firstly, the PA provides strategic policy support to DOLA to ensure that the DDLG project is implemented within the context of the government's D&D Strategic Framework, and, going forward, the D&D 10-year National Programme. Secondly, the PA provides strategic policy support to the NCDD across a range of decentralization and reform issues.

As recommended by the MTR, the project log frame should be revised to capture the outputs of the Policy advisor: "*The new policy advisor should be captured as a separate output in the DDLG log frame stating his responsibility for policy advice to NCDD and DDLG*". It is also anticipated that the project management reviews the ratio by which the advisor shares his time between DoLA/DDLG and the NCDD/S.

Summary of key activities:

- The PA provided policy support and advice to DOLA and DDLG on the strategic directions of the project, specifically on the congruence between the ongoing objectives and activities of the project, the Organic Law and the emerging D&D implementation framework and programme. The PA also held discussions with the leadership of the National League of C/S Councilors and agreed to brief the League on the ongoing D&D developments that will affect its interests and its development. The League was consulted on, and participated (and will continue to participate) fully in the Policy Dialogues that were designed to inform the formulation of the 10-year programme.
- The PA has also provided support to establish a high-level Policy Team (PT) at MOI. The work of the PT focuses on assisting MOI in preparing the legislative foundation for the implementation of the OL, including for the sub-national elections for Provincial and District level Councils. Most of the Royal Decrees, Sub-Decrees and Prakas have already been prepared. The PT is also assisting the NCDD to prepare and implement a capacity building and information

dissemination programme relating to the implementation of the OL. The PA provides regular inputs to this work.

- The PA also played a role in assisting NCDD on harmonization of Development Partner support and inputs. He has established a good working relationship with the DPs who are supporting D&D, and is assisting DPs in their efforts to harmonize programmes, projects and other inputs. Information sharing has improved and progress made towards improving harmonization of efforts within NCDD and between NCDD and DPs.
- Probably the most important development following the enactment of the OL has been the formulation of the 10-year D&D Programme which is currently underway. The PA provides assistance and advice to the NCDD in its role of overseeing this process. He shares an office with the Programme Design Team and provides advice and inputs on a regular basis to the NCDD, and to the supporting DPs. For example he led the process which resulted in the report on fiscal decentralization jointly sponsored by the MOI and the MEF and funded through the PT budget; this report will help inform the fiscal policy dialogue in 2009.
- It is accepted that the government policy on D&D is not fully developed and clear. The policy / strategy documents and the Organic Law leave many fundamental policy questions unanswered, e.g. on the mix between Decentralization and Deconcentration; on the assignment of functions at national and sub-national levels; on the fiscal policy; and on the human resources policy. All of these issues will need to be carefully considered and developed in light of the decisions already taken in the OL, and of the decisions to be taken as the policy dialogues and the development of the D&D Programme continue. Many challenges will arise over the coming years in trying to finalize policy issues and to design and implement the new D&D Programme. For the DDLG project the challenge will be to stay focused on its objectives and to ensure that those objectives remain firmly based on the policies and strategies of government; remain relevant to the changing and challenging policy environment; and remain relevant to the changing needs of a dynamic D&D implementation process. Also important will be the continuing impact that the project will make through its financing of the PA; and through using the services of the PA to achieve the congruence with the D&D Programme mentioned above.

IV. Implementation Challenges

Project risks and actions taken in 2008

Issues & Focus Areas	Implementation Challenges & Risks (as reported in previous PSC meetings)	Risk level	Impact level	Actions taken since risk identified
Project Coordination and Management	The expansion of DDLG activities (3 components + NCDD policy support) could lead misunderstandings on the project strategic directions.	L	M	1. Strategic coordination with RGC and DPs. 2. Conduct MTR.
	Slow progress in the delivery of quarter 2 and 3 outputs. Difficulty to motivate and strengthen working groups ownership.	M	H	3. Strengthened management and backstopping systems. 4. Capacity development plan. 5. Stronger M&E and Reporting system. 6. Reformed the ICC working group (inc. setup of co-shared offices). 7. Closer relations between Project manager & Project coordinator.
DDLG Strategic Direction	Difficulty to strengthen DDLG's position in the D&D environment and in the context of the preparation of the D&D National programme.	L	M	8. Stronger engagement with Mol & NCDD at policy and implementation levels (component 2 and 3). 9. Liaison with Design Team. 10. Shared information with DP.
	Attention on C/S could reduce as a consequence of increase requirements from other sub-national levels.	L	M	11. PSC reiterated that the EC-UNDP DDLG approach should be maintained. 12. Participates in NPDD dialogues
Component 1	Delays in implementation of activities. Weak strategic direction prioritization of activities.	M	M	13. Recruitment of Governance Advisor. 14. Formulation of 2009 AWP/B.
	Coordination and communication between NLC/S and Mol/DoLA.	M	L	15. Strengthen communication with DoLA. 16. Greater involvement of C1 WG. 17. Linkages with NCDD and the Design Team (e.g.: accountability).
	Slow progress in launching the "National Best Practice Award"	M	L	18. Contracting CCSP for technical assistance.
Component 2	Slow progress in strengthening NLC/S capacity to support its members and play a more active representation role at all levels.	M	M	19. Recruitment of Governance Advisor. 20. Capacity Development for NLC/S and PAC/S (inc. contracting a support NGO). 21. Formulation of 2009 AWP/B. 22. Networking at national and international levels. 23. Joint initiatives with GTZ.
	Difficulties to associate the NLC/S in policy dialogues.	M	M	24. Strengthen linkages with Mol and NCDD.
	Reduced motivation and interest of PAC/S.	L	M	25. Strengthen regular coordination and information mechanisms.

Issues & Focus Areas	Implementation Challenges & Risks (as reported in previous PSC meetings)	Risk level	Impact level	Actions taken since risk identified
Component 3	Difficulties in approving and piloting the ICC Non-Infrastructure Guidelines.	L	L	26. Strengthened ICC WG engagement on the draft Guidelines. 27. Organized trainings for central and sub-national levels. 28. Engaged with NCDD, donors and projects.
	Slow progress in adjusting the ICC Guidelines and integrating them in NCDD policies.	L	M	29. Strengthened ICC WG. 30. Followed-up discussions with NCDD and other stakeholders. 31. Exchanged information with DI and other initiatives (incl. identification of synergies). 32. Consultation with NLC/S and other partners.
	Delays in implementing ICC projects because of the election period, inflation, etc (with consequences on the 2009 ICC planning).	M	L	33. Planned budget allocation for 2009 ICC. 34. Consulted Province on targeting and expansion. 35. Attended meeting on ways to mitigate the inflation impact on ICC projects.
	Weak maintenance procedures for ICC projects.	M	L	36. Consulted Mol and Provinces on Operating and Maintenance issues.

Project issues and actions

Project Issues and Actions are addressed in the 16 Recommendations of the Mid-Term Review. Please refer to the Recommendation Section below.

V. Lessons Learnt and Next Steps

Lessons learnt

Project Setup and Strategic Direction:

Even though the DDLG project was conceived based on the outcomes and lessons learnt of the DSP 2001 – 2005, the project context – the D&D reform – has been and is still an unknown factor in many ways. The flexible project setup and the national execution modality is a good choice considering the many uncertainties surrounding the D&D reform. The flexibility of the project has allowed for pioneering of two sets of ICC guidelines, in order to align them to the emerging PIM guidelines and include ICC projects located in two districts.

Role of UNDP CO and the EC Delegation:

Thanks to the direct support of the Heads of the EC and UNDP, the project has received during the last six months an increased attention from Government as well as from other development partners. This is particularly important to keep focus on Communes and Sangkats in the current D&D reform process.

Coordination, management and building trustful relations with national counterparts:

The last six months, have shown the importance to build (and spend time) on strong and trusted relations between the Project team and national counterparts. This was done through adopting clear divisions of responsibilities and communication lines and improved management and coordination systems and procedures. Trust was also consolidated because DDLG's international and national staffs have positioned themselves more as advisors, whilst ensuring compliance with rules and aiming at high quality of deliverables.

Recommendations

The following 16 Recommendations are proposed by the DDLG's Mid-Term Review (conducted between 17 November and 5th December 2008). The recommendations aim at proposing corrective actions to adjust DDLG in the context of Cambodia's D&D national reform process taking stock of the project achievements, challenges, resources and capacities after two years first of implementation.

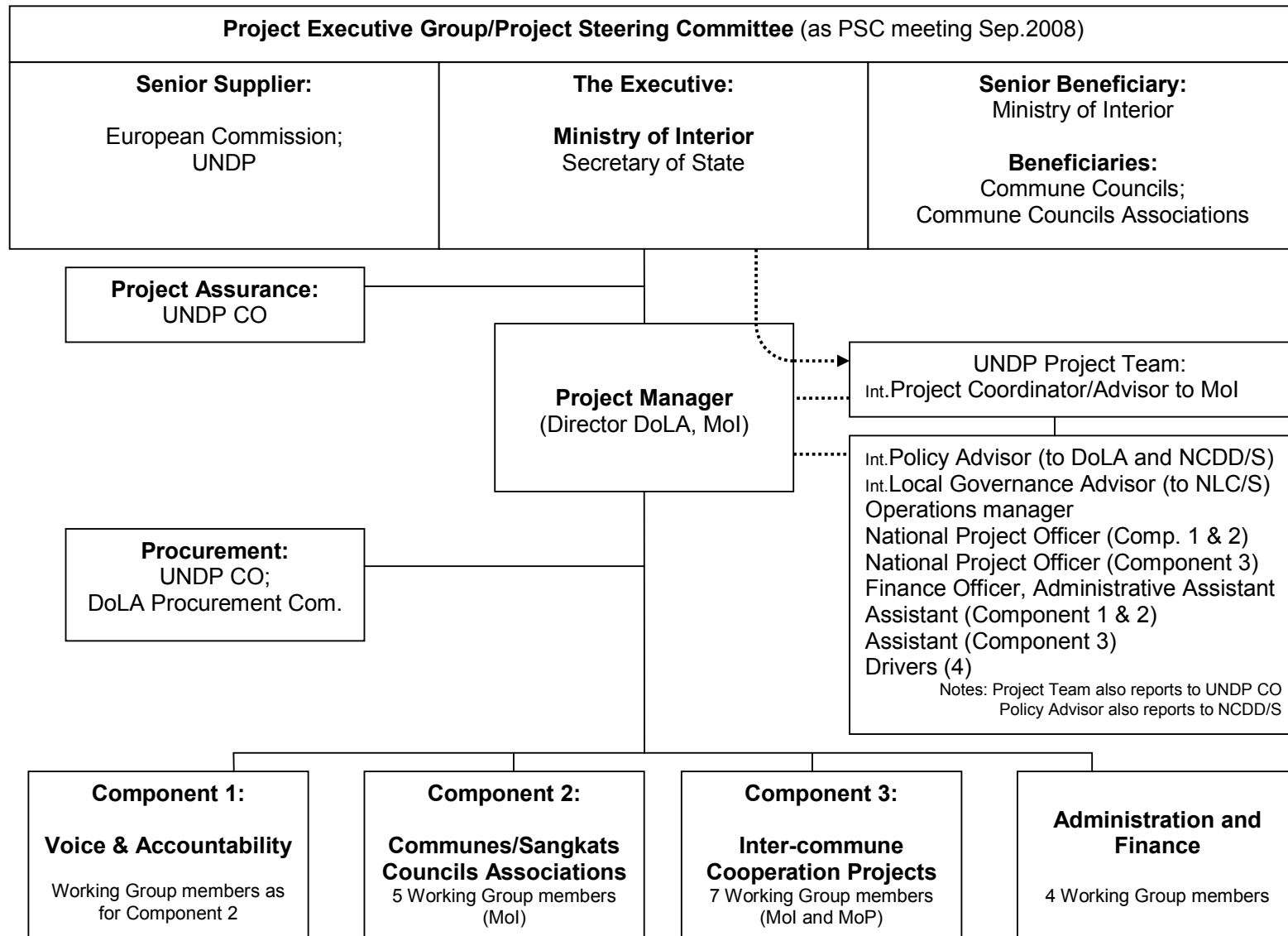
The 16 MTR Recommendations
<u>Component 1: Voice and Accountability</u>
1) The MTR team recommends that the national Best Practice Award gets priority now and that CCSP provides a thorough technical proposal as soon as possible so that a contract is signed with CCSP in order to identify criteria, call for applications and present the first award in 2009 or 2010 at the latest.
2) In order to make 'quick' gains and promote a more systematic, nationwide approach to downward accountability before project termination, NLC/S could try to learn from international accountability promotion tools. The work on the award can help adapting them to a Cambodian context. Two such examples are the Charter of Accountability and Code of Conduct made by the Ugandan LGA and the Transparency Checklist 2004 made by the Bulgarian Forum for Local Government Reform.
3) Both CCSP and PACT (LAAR) have broad experience in promotion of good governance best practices in Cambodia. DDLG and NLC/S should establish a partnership in order to enhance the work on good local governance through NLC/S and the PAC/S.
<u>Component 2: NLC/S and PAC/S</u>
4) UNDP and the EC, perhaps together with other development partners, should establish a long term partnership with NLC/S, when DDLG is terminated. Preferably, NLC/S should be supported by a basket funding mechanism in order to build independence and keep transaction costs down.
5) DDLG should put maximum priority on supporting the league in its advocacy activities at NCDD meetings and its participation in the design and implementation of the NP-SNDD
6) DDLG should support NLCS in its effort to develop a long-term NLC/S strategy and find a sustainable balance between functions, priorities and capacity of the league. Particular focus should be on NLC/S – PAC/S roles, advocacy vis-à-vis the D&D reform, financial sustainability and service delivery – preferably through other development projects and promotion of downward accountability and local participation. Focus should also be on further strengthening of the NLC/S Secretariat by adding more staff (funding permitting) establishment of a clear organizational structure, including a fund raising unit, development of a corresponding HR strategy and application of uniform HRM principles (recruitment, management, salary, appraisal, promotion).
7) The MTR team would like to call upon the governing bodies of NLC/S to start addressing the

The 16 MTR Recommendations
<p>issue of organizing the future district and provincial councils and be proactive in dealing with this question. The strongest option for NLC/S is to unite all sub-national councils in NLC/S and avoid competing LGAs.</p>
<u>Component 3: ICC Projects</u>
<p>8) DDLG should continue its efforts to wrap up the outstanding issues of finalizing the ICC project modality, including integration of the new ICC project guidelines with the NCDD Project Implementation Manual, clarification of how ICC projects can be accommodated within the budget of individual C/S, clarification of future funding modality aligned to the outcomes of the NP-SNDD on fiscal transfer mechanisms, follow up on all recommendations in the study on promotion of ICC non-infrastructure (social services) projects and proposal for a strategy on how to raise and prioritize operational and maintenance costs of ICC projects</p>
<p>9) DDLG should initiate a lessons learnt study from ICC projects to support future policies and guidelines on ICC projects and identify best participatory practices in pro-poor scheme selection and monitoring. The TOR of the study should be jointly prepared by Mol and NLC/S in consultation with CCSP, PACT and other authorities and development partners with a vested interest in the study outcomes.</p>
<u>Non-Cost Extension</u>
<p>10) It is recommended to extend the project by one year. The extension can be financed within the present budget envelope and covered by the present budget surplus.</p>
<u>Management</u>
<p>11) The project log frame should be updated based on the conclusions of the next PSC meeting. There should be particular attention on defining assumptions and risks indicators in order to assess if the D&D reform context is properly developed as anticipated by the project. This update could be done as part of the MTR assignment.</p>
<p>12) The new policy advisor should be captured as a separate output in the DDLG log frame stating his responsibility for policy advice to NCDD and DDLG.</p>
<p>13) A review of the UNDP project team should be carried out in order to match HR with the tasks for the second half of the DDLG. This review should assess the need for national and international staff, revision of TORs and potential new recruitments. The review should take into account:</p> <ul style="list-style-type: none"> • Possible changes in the financial management • Ways of improving communication and project visibility vis-à-vis the RGC and the development partners and • The need for more focus on M&E activities, in particular targeting the governance activities of component one, the study and follow up on ICC project lessons learned and the quality of DDLG capacity development activities (proper use of technical needs assessment and assessment of the cascade training outcomes).
<p>14) The review of the log frame and the HR envelope should be combined with an overall budget review, which takes into account a non-cost extension of the project by one year and include preparation for DDLG to shift to the new MBPI salary scheme once adopted for NCDD.</p>
<p>15) In order to enhance Mol ownership to the DDLG project, further transfer of financial</p>

The 16 MTR Recommendations

management responsibility should be considered. Transfer of financial responsibilities should still allow UNDP operational staff to add their comments to and recommendations on of budget expenditures prior to implementing specific project activities

16) The MTR team would like to call upon the UNDP and the EC to use joint review missions in the future in order to reducing transaction costs and reducing the administrative burden in MoI and NLC/S.



: Reporting line
 : Reporting/advisory channel
 : PC work under guidance

