




**ROYAL GOVERNMENT OF CAMBODIA  
IN PARTNERSHIP WITH  
UNITED NATIONS DEVELOPMENT PROGRAMME-UNDP**

**Extension of the Project Support to Democratic Development  
Through Decentralization and De-concentration  
January to December 2010**

**LETTER OF AGREEMENT**

Approved on behalf of each of the partners by:

Royal Government	H.E. Sar Kheng Deputy Prime Minister, Chairman, NCDD	 ..... Signature	..... Date
UNDP	Jo Scheuer, Country Director	 ..... Signature	18/3/2010 ..... Date

## I. BACKGROUND

The Project Support to Democratic Development through Decentralization and De-concentration (PSDD) had been co-funded by the Swedish International Development Cooperation Agency (SIDA), the UK Department for International Development (DFID) and the United Nations Development Program (UNDP) and implemented by the National Committee for Democratic Development at the Sub-national Level (NCDD) from February 2007 through December 2009.

PSDD aims at assisting the RGC in meeting the challenges of the decentralization and de-concentration reforms, in order to help maintain the delicate balance between continuity and change, while continuing to strengthen national and sub-national institutions in planning, financing, service delivery, , gender mainstreaming, pro-poor rural investments, monitoring and evaluation and systems for participatory governance. The project was designed in a flexible manner in order to quickly respond to the ever-changing policy and aid environment and government priorities. The project design also includes the provision of harmonized technical assistance services and program support budgets to national and sub-national institutions essential for the implementation of 15 other development partner projects under the NCDD framework. The objectives of the PSDD are:

Objective 1: Strengthening local government systems and structures to enable better pro-poor investment.

Objective 2: Improving the quality, accessibility and equity of services at the sub-national level

Objective 3: Prior to and following enactment of the organic law on D&D, supporting a more effective policy, legal, political, institutional and administrative framework that will give the poor greater access to and benefits from local services.

The Project's log frame was revised in late 2007. The revised results are:

**Goal:** Poor people benefit from functioning sub-national institutions in Cambodia;

**Purpose:** State and social institutions reconstructed at the sub-national level so as to engage with and empower poor and excluded citizens;

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

**Output 2:** Planning, finance, implementation and monitoring systems in place and integrated into new national structures and systems

**Output 3:** Investment funds delivered through mechanisms that promote accountability (on-budget) and which enables debate (largely discretionary in nature to allow choice);

**Output 4:** Aid effective mechanisms are in place.

## II. JUSTIFICATION FOR EXTENSION

PSDD was originally scheduled to close at the end of December 2009 based on the expectation that the design of the new 10-year National Program on Sub-National Democratic Development would have been completed by June 2009 and a development partner assistance framework designed and agreed to shortly thereafter. As it became clear in the first quarter of 2009 that the design of the national program was going to be significantly delayed, agreement was reached between the PSDD development partners and the NCDD to extend the project for one final year to end December 2010. This will enable the design of the National Program and the three-year Implementation Plan (2011-2013) to be properly completed and transition arrangements for 2011 to be undertaken while enabling PSDD and the other ongoing projects which it supports to continue their implementation without disruption.

There is an understanding moving forward that all of the current 15 DPs supporting the D&D reforms will align to the new National Program for Sub-National Development (NP-SNDD) utilizing a program-based approach. This will require a significant amount of design work involving clarification of national and sub-national institutional arrangements, establishment of new financing instruments and the drafting of a new program implementation manual acceptable to government and cooperating development partners. In the meantime the existing institutional arrangements, financing systems and implementation manuals will continue to be used for the delivery of support under the NCDD.

Given the highly strategic nature of the democratic development reforms and the considerable work remaining to complete the design of the 2011-2013 Implementation Plan as well as the design of the multi-donor program based approach the one year extension of the PSDD Project is justified.

### III. EXPECTED RESULTS AND RESOURCE PROGRAMMING FOR 2010

The PSDD Project design and logical framework will continue to be utilized for programming purposes in 2010. While continuing to build capacity at all levels in program management functions the project will also provide critical support to the transition in institutional structures and systems required by the Organic Law and Democratic Development in preparation for full implementation of the NP-SNDD in 2011. As reflected in the attached 2010 PSDD AWPB, a summary of the priority expected results include the following: key

- New Sub-National Administrative (SNA) structures and mandatory committees established in accordance with Sub-decrees and guidelines;
- SNAs supported to formulate their first five-year development plans
- IT capacity established within all SNAs;
- Commune Committees on Women and Children, and the hierarchy of Women and Children Committees to be established all SNAs, support an increased attention to local social development services and functions with a specific focus on a sub-set of the Cambodian Millenium Development Goals in partnership with UNICEF
- A NCDD communication strategy formulated for the NP-SNDD
- A baseline and three-year action plan on Gender Mainstreaming within the NP-SNDD formulated.
- A NP-SNDD M&E system and baseline formulated.
- The regulatory framework for Sub-National Democratic Development further developed and communicated to all SNAs through training.
- The 2011 NP-SNDD Annual Work Plan and Budget formulated through broad consultation.
- A final evaluation of the PSDD Project and the final PSDD Project report completed.

#### Enclosure:

- a) Original PSDD Project Document
- b) 2010 PSDD Annual Work Plan and Budget