Annual Project Review Report

Date: 3 December 2007 (drafted by Senior Adviser, MDSP)
Award ID: 00048711
Description: Multi-Donor Support Program for Aid Coordination
Implementing Partner: CRDB/CDC
Period Covered: 2007

1. Project Issues:

Status of Project Risks & Risk Management Strategy

The July 2006 risk log is still current (an adapted version informed the CRDB Capacity Development Strategy). The high risk/severe consequence risks that were identified – together with a status up-date - are as follows:

1. Staff positions are not established, so that seconded and contract staff are not made permanent and additional staff cannot be retained.

   Status: The introduction of the PMG scheme has made a significant difference; there has been no staff attrition in 2007. The performance management component of the scheme has also been used to great effect to motivate staff, build their confidence and to create the sense that they are working in a team in which their contribution is both important and appreciated. Training aspects of performance management have also created a forward-looking incentive for staff to remain with CRDB. Additional contract staff have been engaged on the basis of the Capacity Development Strategy. In the meantime, dialogue within Government continues regarding the creation of a permanent staff establishment and CRDB will persevere.

2. Aid coordination work – including capacity development - becomes increasingly internally focused within CRDB, resulting in insufficient support to other parts of RGC to fully implement the H-A-R Action Plan and the capacity developed within CRDB having no broader impact on the NSDP.

   Status: CRDB – with MDSP support – has become increasingly pro-active in supporting the wider Government aid management agenda. Consultations and support to TWGs and RGC ministries have increased with substantive support provided to TWGs (Gender, Education, A&W, Health, RWSS) as well as to the respective Government ministries. Intensive and in-depth training for TWG staff was provided for staff from 16 TWGs, establishing a network that will be facilitated by CRDB in 2007. Database work, establishing a single information system across Government, has also resulted in dedicated support to a number of ministries while others may benefit indirectly from the improved analysis that is available to them. These efforts must be consolidated and deepened, including to continue building a partnership with MoP regarding NSDP monitoring and resourcing. The GDCC was briefed on these initiatives in October 2007.

3. Sustainability of the Strategy is not assured for multiple reasons (incentives, attrition, loss of management, failure to develop skills or organisational competencies, lack of support from CRDB staff/management, staffing).

   Status: The increased demand for aid management services, the positive response received so far to CRDB initiatives to support Government, and on-going organisational capacity development all show signs that they may go some way to mitigating sustainability concerns. This must be consolidated over the medium-term. The global agenda is likely to ensure continued donor engagement (at least for the duration of this project) and increasing RGC confidence to lead the aid management work will increase the probability of sustaining the capacity that is developed.

New Considerations in 2007

4. Increasing demand for CRDB support to TWGs may overwhelm existing CRDB capacity.

   Status: This will be mitigated as the MDSP continues to demonstrate its focus much more on capacity development than on aid management per se, attempting to ensure that increased demand from TWGs/RGC is matched by an enhanced supply of capacity within CRDB. Initiatives in 2007 will be strongly focused on CRDB facilitation of a TWG 'network of practitioners' that will enable CRDB to play its coordination role in a more indirect manner. Longer-term, it may be observed that demand-led capacity development may be the surest way to create the imperative

for any organisation to build the right kinds of capacity and respond to external needs.

5. Development partner adherence to aid management framework remains weak

Status: CRDB's aid coordination mandate includes the provision of some appraisal support to Government (to ensure alignment) and as a manager of information. While DPs continue to withhold their project information (few DPs have so far responded to CDCs request to share project documents) and new agreements are signed without notifying CDC, then effective aid management will be constrained. Attempts to mitigate this risk will continue to be made through TWG and GDCC, as well as through Database work and routine donor consultations.

6. External environment

Status: Although the global aid effectiveness agenda provides for a positive outlook for CRDB/CDC and the MDSP there are other factors beyond the scope of either CRDB/CDC and the project that may be considered as risks to the broader aid partnership. These relate mainly to the myriad factors that inform donor-Government relations: elections, governance, reform, geo-political influences on aid allocations/modalities etc. The commencement of PRGO support indicates that when taking account of these external factors the partnership currently remains relatively robust.

Open Project Issues & Issue Management Strategy:

Most prevalent issues are considered to be positive opportunities. These include:

1. A more positive external environment based on strengthened Government ownership via the CDCF and a positive response from RGC and DPs on the Aid Effectiveness Report. The 2008 AER will attempt to further expand the 'policy space' created by the 2007 AER.

2. Consensus between RGC and development partners on the new CDCF format will continue to enhance CRDB's role as the national aid coordination focal point (but will require concrete actions by development partners also).

3. The Paris Declaration has provided a set of objective indicators that have been integrated factored into the national policy work and the 2008 survey will raise the profile still further. CRDB has responded and will preparations have begun to ensure that this opportunity is maximised.

4. CRDB Administration Department will, over an extended period, assume many of the project administration functions, although this remains a significant challenge to building an effective top-to-bottom organisation.

5. The capacity assessment has revealed that capacity development will be a longer-term endeavour than may have been initially anticipated. This 2006 observation is broadly borne out but the MDSP has attempted to engage with CRDB/CDC on a realistic basis, i.e. recognising the capacity development realities in the Cambodia public service.

6. The issue of emerging donors is an increasingly significant aid management concern and will require further consideration during the course of MDSP. CRDB/CDC and MDSP staff are monitoring the OECD/DAC dialogue with these partners.

---

2. Project Performance (based on agreed 2007 Annual Workplan)

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.

2007 Target (based on synthesis of Targets 1 and 2 in the AWP): Facilitating the development of CRDB/CDC capacity to lead and manage the development partnership.

2007 Achievement: The Capacity Development Strategy (CDS) was approved in January 2007 and the performance management system established. Summary concrete output indicators of implementation include: a) the shift to a Government-led CDCF; b) the production of the AER that began to explore the aid-results nexus; c) an improved ODA Database serving as a single information platform for Government; and d) extended support to TWGs.

Activity 2: Capacity Building CDC/CRDB

CRDB/CDC endorsed its CDS and the performance management system was established (including a focus on coaching, mentoring and training of staff). A Policy Department is now operational and seminar-based training has extended outreach to all staff members. Management and administrative

skills development remain a priority for 2008.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. Implementation will continue throughout the project period and must be considered as a longer-term venture (most likely extending beyond the project period). In 2008 there will be a need to continue a focus on management-technical-administrative linkages, as well as to engage more effectively with some of the weaker staff (in particular through the use of seminars held in smaller groups that can assist in building confidence).

Activity 23: Aid Effectiveness Report

The AER was produced as an input to the first CDCF meeting. The AER has proved to be a useful tool to promote dialogue. Within CRDB it has provided an opportunity to re-focus the workflow so that policy and technical work comes together to inform the AER (which can be seen as a natural output of all of CRDB's annual efforts).

Activity 21: Policy Advisory Support

MDSP provided capacity development and aid management policy advisory services to CRDB/CDC senior management and staff to support their leadership role.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period. Relevant and timely support has been provided by all policy and technical members of the project team. The establishment of a Policy Unit in CRDB (with MDSP support) will consolidate the shift from a capacity substitution mode.

Activity 4: Program Operations Support

Provided financial and administrative support to implement the program and to ensure that up-to-date records of program activities are maintained for program audit and evaluations are maintained, and quarterly financial and other report are prepared and provided to funding donors. The emphasis has shifted to supporting the Administration Department to assume many of these functions. Audit was satisfactorily completed in April.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period. Administration support will gradually shift to the CRDB Administration Department as part of the broader capacity development work. This will create an additional workload on MDSP administrative personnel but is necessary if CRDB is to develop its own admin capacity in the longer-term.

Activity 6: Support to GDCC Secretariat

Policy advisory and logistics support was provided to the Secretariat of the GDCC to monitor progress on the implementation of the TWGs Action Plans, progress on JMIs (agreed at the GDCC and endorsed at CDCF), and recording TWG of implementation of H-A-R Action Plan. A new secretariat in CRDB now shadows the MDSP team.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period, although the intention is to focus on developing CRDB capacity, as opposed to performing this task directly. All GDCC functions were performed successfully in 2007.

Activity 7: Support for CDCF Preparation

Policy advisory and logistics support was provided to CRDB, although most organisational matters were managed independently by CRDB. Support for the preparation and dissemination of Government documents and the MYIFF was provided. A CRDB secretariat shadowed members of the MDSP team.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. All CDCF functions were performed successfully in 2007 and procedures/lessons have been documented by CRDB to ensure effective management of the 2008 CDCF meeting.

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.

2007 Target: Participation in the OECD-DAC Working Party, leading to application of good practices in implementing the H-A-R Action Plan and the Paris Declaration.

2007 Achievement: CRDB/CDC successfully participated in OECD/DAC work and other global events. RGC augmented the H-A-R Action Plan based on the 2006 OECD/DAC survey and the AER provided an opportunity to consolidate and evaluate experience in H-A-R implementation across TWGs.

Activity 9: Support to CRDB participation in OECD/DAC and other international forum

CRDB/CDC has actively represented Government at the OECD/DAC (Joint Venture on Monitoring the Paris Declaration; and the Working Party on Aid Effectiveness) - Cambodia was approached to be the new co-chair of the JV (which it declined due to excessive workload commitments). In other international events Cambodia has also been active as a direct result of MDSP facilitation. These events include the Hanoi Managing for Results meeting and ADB meetings on Paris implementation, as well as the regional preparations for the global meeting on Aid Effectiveness and Cross-Cutting Issues.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period.

Activity 10: Coordination of H-A-R Action Plan

Provide policy advisory and logistics support to prepare RGC's Action Plan on Harmonization, Alignment and Results, periodic reports for GDCC meetings on the status of progress in implementing the Action Plan, carryout studies and surveys required to participate in the work of the OECD/DAC.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: On-going. RGC finalised the Action Plan and its principles were included in the TWG Guideline in early 2007. Further consultations were held with TWGs in June 2007 and the PD survey allowed for the PD indicators to be augmented to the H-A-R Action Plan. The AER served as the monitoring tool for the Action Plan and the task now is to consider what kind of mid-term review may be useful.

Activities 11 and 12: Dissemination of information on best practices and Knowledge Building on Aid Effectiveness Issues

Provide advisory and logistics support to CRDB/CDC to access and disseminate information on international best practices and documenting and disseminating information on in-country best practices to improve aid effectiveness to all stakeholders.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period. Best practice on aid dialogue structures informed the TWG Guideline which was widely disseminated amongst donors and RGC. The AER also attempted to nuance the best of national and global examples of aid management. In the latter half of 2007 two international experts were retained to investigate the technical cooperation-capacity development relationship in Cambodia and this will

fed into a global exercise. Partnerships with NGOs were also fostered as the MDSP – through the UNDP CO – worked with Medicam, CCC and NGO Forum to build awareness among NGOs on aid effectiveness (including participation in the October 2007 Hanoi regional consultation).

Access through UNDP to global information networks, and the ability to facilitate access to global learning (e.g. the manila training for TWGs) has provided greater opportunity for learning and knowledge sharing. Trainings (e.g. on project cycle management) and staff seminars were also provided to increase knowledge, build confidence and to enhance communication skills.

OUTPUT 3: Strengthened CRDB capacity to support 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.

2007 Target: CRDB/CDC provides capacity development support to ministries, agencies and TWGs to manage their aid coordination and aid management functions.

2007 Achievement: The 2006 Review was finalised and the Guideline on the Role and Functioning of the TWGs provides the basis for further CDC support to TWGs. A capacity assessment in June 2007 informed the provision of training and the establishment of a network of TWG aid management practitioners.

Activity 5: Support to TWGs and RGC Focal Points

Provide policy advisory and logistics support to CRDB/CDC and TWGs to establish and maintain a close working relationship and to develop and maintain an effective and efficient system to monitor progress on the implementation of TWGs Action Plans.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period. A TWG Guideline was developed to inform the role of TWGs and CRDB's own capacity to provide substantive support to TWGs was strengthened. A network of aid management practitioners has been established as an output of the Manila TWG training and, still its infancy, this will be a focus area for 2008. The Manila training as preceded by a capacity assessment that will inform the provision of further support to TWG secretariats in 2008, possibly including a block grant for logistical support to 3-4 TWGs on a pilot basis. Continued customised support was provided to TWG-G and to TWG-Ed. In addition technical advice was provided to health, agriculture-water, as well as to the newly-formed Rural water Supply, sanitation and Hygiene.

Activity 13: Training in Leadership & Aid Management

Deliver training programs in leadership, management and relevant technical areas such as harmonization and alignment, SWAps/PBAs, sector MTEFs, and managing for results to officials in line ministries and agencies participating in TWGs and those engaged in planning and managing development cooperation programs and project.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period but capacity within CRDB to play this role must first be strengthened. This CRDB function will only be developed over the medium term and must be based on a demand articulated by TWGs and ministries. Identifying competent leadership mentors in Cambodia has proven to be challenging but will be a priority for 2008 (as part of the support to the new TWG network).

Activity 14: Implementation Support for H-A-R Action Plan

Provide advisory support to TWGs, requested through the Chair of the TWG, to implement RGC's Action Plan on Harmonization, Alignment and Results, and to build capacity of the concerned Government institution(s) in order to improve the effectiveness of development assistance that is mobilized and delivered in the sector/thematic area of the TWG.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project

period. Monitoring has been undertaken through regular reports received by the GDCC secretariat from all TWGs. The Guideline has been of use to most TWGs and was include in the Manila training. The AER reflected on H-A-R implementation and concluded that implementation had been broadly positive. A special briefing for new development partners (October 2007) was also helpful in ensuring that new donor officials understand their role in the TWGs. A mid-term review in 2008 is an option for dialogue.

OUTPUT 4: Strengthened capacity in CRDB/CDC and line ministries and agencies to develop, upgrade and maintain aid information management systems (AIMS) 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.

2007 Target: CRDB/CDC maintains AIMS, prepares an empirically-based Aid Effectiveness Report and maintains the CDC website and LAN.

2007 Achievement: AER was produced. ODA Database is now customised to play an improved role as the Government's single data-entry hub on aid and training of CRDB and donors on the customised 2007 tool began in the last quarter. Collaboration with MoP was strengthened so that the PIP will be based on inputs from the ODA Database.

Activity 17: CRDB LAN System

Provide support for upgrading the CRDB LAN system to enhance the information sharing within CRDB/CDC.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. The installation of the broad-band system that complements the existing LAN system was competed. Otherwise the system needs to be maintained and adapted throughout the duration of the project, including to be improved so that it is more stable and reliable than at present.

Activities 18, 19 & 22: ODA Database and NGO Database

Provide support to upgrade and maintain the ODA Database on actual and planned disbursements of ODA by donor and program/project.

Start and End Date: Jan 2006 – Dec 2010

% Progress to date & narrative explanation: Ongoing. This task will continue throughout the project period but most of the system development has been completed in 2006. Customisation, training and support are now established features of the CRDB workflow. Paris Declaration monitoring is now fully functional and TWGs and line ministries have received support on-demand (e.g. MoEYS, MAFF, MoWA). The ODA Database is now very closely integrated into the broader aid management architecture. After series of internal consultations and feasibility assessments, the NGO Database should become an integrated part of the on-line ODA Database system early in 2008. Further confidence building and dialogue with NGOs will be required to make the role and relevance of the NGO Database clear to all stakeholders.

3. Gender-related activities in MDSP support to CRDB/CDC

Standard UNDP annual report formats include a provision for gender reporting by activity. As gender issues are fully integrated into the approach to program design and implementation, they are interlinked between and amongst MDSP activities. It is therefore more effective to report on gender-related support as it has been implemented across the whole programme, as opposed to how it is linked to discreet program activities.

CRDB/CDC has a long-standing and constructive collaboration with MoWA, based on requests received by MoWA over a period of year. This has principally been premised on the provision of an Aid Information Management System (AIMS), which is based on the ODA Database maintained by CRDB/CDC (activity 19). The MoWA system is developed, customised and installed at MoWA by CRDB/CDC according to the needs articulated by MoWA (basic data is also transferred from the main ODA Database). In 2007 this support began to evolve as the MoWA Planning Department (where the

AIMS is installed) began to work more closely with the MoWA officials who manage the TWG (and are therefore engaged in daily aid coordination functions). The MoWA AIMS will hopefully therefore begin to play a more strategic role in coordinating gender-related activities.

As the gender-aid effectiveness link became the focus for global consideration as part of preparations for the 2008 High-level Forum on Aid Effectiveness in Accra, advisory inputs were provided to the global Gender and Aid Effectiveness exercise of the OECD/DAC. CRDB provided inputs to the country paper presented at preparatory meeting in Bangkok (attended by CDC officials) and then at the main global meeting in Dublin.

Routine support to the Gender TWG included their participation in the June 2007 capacity assessment. This revealed that the TWG's work was constrained chiefly by two factors, i.e. staff capacity and time constraints; and leadership across the Ministry to use the TWG as an effective coordination mechanism.

As part of a holistic response to support all TWGs, CRDB/CDC then organised and facilitated a two-week course in aid management and leadership for TWG officials, including a representative from MoWA. In 2008 support to a network of RGC/TWG members will provide MoWA representatives with an opportunity to learn from peers. Discussions are also on-going with regard to the provision of block grant support to the TWG-G.

The MDSP also benefited from UNDP's overall support to gender mainstreaming in the country programme. In August internal consultations were held to identify possible linkages between MDSP and other UNDP gender-related support. Specific areas for discussion included information management, leadership training, support to resource mobilisation for GMAP monitoring across TWGs.

4. Lessons Learned

Many of the lessons learned in 2006 remain relevant and some are worth re-stating:

1. Sustainable capacity development is likely to be a long-term under-taking that will require appropriate incentives (financial and no-financial) as well as the strong support of CRDB management and staff.

2. CRDB ability to fulfil its aid management mandate across RGC will be conditional on:
    a) making staff positions permanent with enhanced skills and capacities
    b) building partnerships across Government
    c) maintaining support and collaboration with DPs

3. The success of capacity development work is highly dependent on the (fully demonstrated) willingness of CRDB senior management. Creating an environment which is capacity-focused, can instil confidence in staff, and can motivate good performance has been fundamental to the successful implementation of the MDSP. MDSP therefore continues to work closely alongside CRDB management and staff to support their own capacity initiatives and to facilitate access to relevant policy, capacity and technical support. A staff survey in December 2007 appears to indicate strong support for CRDB management and for the assistance provided by the MDSP.

5. Financial Report

Please, find the enclosed herewith