



United Nations Development Programme/Cambodia

Project to Support Democratic Development through Decentralization and Deconcentration (PSDD)

01-02-2007 – 31-12-2010

ANNUAL PROGRESS REPORT:

JANUARY TO DECEMBER 2010

Project ID : 00054656

Project Title: Project to Support Democratic Development through Decentralization and Deconcentration (PSDD)

Duration: 1 February 2007 to 31 December 2010

Total Budget: \$15,338,194 (2010), \$ 54,611,689.82 (2007-2010)

Implementing Partners/Responsible parties: National Committee for Democratic Development, SIDA and DfID

Country Programme Outcome: Improving the delivery of social services and increasing participation of the poor in decision making

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I. Executive summary

National Program on Sub-National Democratic Development (NP-SNDD): The NP-SNDD Program Document was finalized by the NCDDS, endorsed by the NCDD and presented and approved by the Council of Ministers on 28 May 2010 presided over by the Prime Minister. In August 2010, the NP-SNDD was officially launched at a ceremony presided over by the Prime Minister and attended by the entire Cabinet, all Provincial/District Council Chiefs and Governors, senior Ministry officials, the diplomatic corps, development partners and NGOs.

NP-SNDD Three-Year Implementation Plan (IP3): The design of the IP3 commenced in February 2010, a Zero Draft presented for broad consultation with DP's and Government in August and a final draft completed on 8 November based on the comments received from development partners and further consultations within government. The IP3 document was reviewed on 11 November at a technical meeting between the NCDDS and the six implementing agencies, discussed by the NCDD and approved at their 30 November meeting. In the 4 November letter from the Deputy Prime Minister/Chairman of the NCDD to Development Partners, it was clarified that the IP3 document will be subject to revision throughout the three year implementation period as both the reforms and the Program Based Approach modalities evolve.

2011 IP3 Implementation Plan: With the approval of the IP3 by the NCDD, the first year's Annual Work Plan and Budget (2011) was drafted during December, finalized and sent to all development partners on 28 December. The format for the work plan is outcome based and has focused on the high priority outputs to be achieved in 2011. As funding availability for 2011 remains uncertain, the NCDD will need to meet with development partners early in the year to secure the minimum support required.

The PSDD Project Financing, Delivery and Progress: The 2010 PSDD AWPB was prepared against an expected budget of \$ 14 million. By the end of the first semester, the 2010 budget availability had risen to \$ 15.3 million due to the increased contribution from Sweden. Against the revised budget of \$ 15.3 million, total delivery in the year reached nearly \$ 14 million; an 91% delivery rate.

Highlights of progress against the PSDD's Objectives for the year are summarized below.

Structures: The establishment of the new sub-national administration structures at the capital and provincial level was completed by the third quarter and at the district/municipal level shortly thereafter. In assessing the human resources and competencies necessary for IP3 implementation, opportunities for integrating/seconding additional civil servants with long term experience under the ExCom are being explored and will feature in the IP3 design. Considerable work remains to prepare detailed TORs for the various divisions, offices and personnel at all levels as well as to design the administrative manuals under which the reforms and the IP3 will operate. At the C/S level, priority was placed on strengthening the capacity of the CCWCs and the structures, networks and systems through which local service delivery is planned and implemented. As noted in the report below, the increased level of voice and deliberation around service delivery within the commune and between communes and the district, the enhanced focus on CMDGs through the use of scorecards and the outputs from activities planned by the CCWCs and implemented under the CS Councils was a major achievement in the year (nearly 15,000 children attending pre-schools established under the CMDG initiative). The *District Initiative*, implemented in 106 districts (55% of the total districts), continued to build capacity, develop lessons learned and demonstrated the effective inter-collaboration across communes in planning, decision making and problem resolution with the district authorities. At national level, the establishment of the National Social Service Working Group, with seven, member-Ministries, to guide the interaction between CS and line departments and identify candidate local functions for future reassignment has helped prepare the ground for the NP-SNDD in the social sectors. Finally, some early progress was made on the restructuring of the NCDDS, as contained in the approved IP3.

Systems: The Sub-National Finance Law, a pre-requisite for the design and training on a district finance system, was submitted to the Council of Ministers at the end of the year and is expected to be approved by the Council of Ministers and enacted by the National Assembly by early February 2011. The Sub-National Planning guidelines, a pre-requisite for developing training curricula for the first 5 Year Development Plan and 3 year rolling investment programs of the SNAs, was approved by the NCDD in December. Owing to delays in the finalization of both of these core systems for the sub-national reforms as well as the final establishment of the SNA structures in the fourth quarter, progress has been impeded in terms of systems establishment in 2010. Most of the work planned for the second half of 2010 in this regard will need to shift to the first half of 2011. On a more positive note, training on the revised *C/S Project Implementation Manual*, the new *C/S Project safeguards monitoring system*, the revised *Accountability Working Group* structure and procedures, the introduction of the systems and procedures for local service delivery under the CCWC initiative and the formulation of candidate functions for transfer by Ministries contracted by the NCDDS (all described in the report) were highly successful.

Investment: The resolution of the tax withholding formula for CS projects and the WB prior review process delayed the start of CS project procurement in the first semester. CS Fund disbursement by end October Against the \$ 55 million aggregate CS 2010 budgets, disbursement by end October was \$ 18 million (33%) about 15% less than previous years. Nevertheless, in total there were nearly 4,000 CS projects under implementation in 2010. In September, the sub-decree on CS Fund allocations for 2011-2013 was adopted by the government maintaining the percentage of 2.8% of domestic revenue for the period. The \$ 38 million, 2011 CS Fund allocation was allocated by formula to all 1,621 CS Councils and the planning and budgeting process is at an advanced

stage. Under the District Initiative, financed by Danida in 78 districts and PSDD in 28 districts, a total of 485 investment projects valued at \$ 2.84 million were approved with investments in local infrastructure representing 19% of the projects and 49% of the total investment budget and investments in non-infrastructure activities representing 81% of the projects and 51% of the total investment budget. This is the final year of the District Initiative and based on evaluations and surveys there is no doubt that the original intended purpose of developing capacity and generating lessons for the future reforms has been achieved. In 2010, the Provincial Investment Fund was allocated for planning, gender and activities related to local functions. Much of the work involved support to the CCWC/CMDG initiative and as the report below demonstrates a good foundation has been established for a realignment of local functions related to social service delivery through interaction between provincial departments and their line offices at district level with the CS Councils and CCWCs.

Aid Effectiveness: The annual *district integration process* was successfully conducted across the country through 193 workshops held at the district/municipal/khan level in the last quarter of 2010. The results indicate that a high degree of sustainability has been achieved as: a) despite the lack of any Provincial Investment Fund allocations from PSDD to line departments, there was a very high level of response from provincial departments and IOs/NGOs (44,300 agreements signed - a slight increase from 2009); and b) the level of support from national level for the process was minimal. A report analyzing trends over the past five years in responsiveness to CS priorities by government and NGOs, *An Analysis of the Commune Development Planning Data Base: Priority Requests and Responses: 2004 to 2008*, was produced and issued to the development community in August 2010. The audit of 2009 PSDD accounts and the *Joint Audit* of five other projects under the NCDDS was completed in the first quarter and the final reports released on time in April/May. Based on the findings, a number of mitigation measures were agreed to and implemented during the year (see full report). As contributions to the NP-SNDD and the IP3, three consultants were hired to produce a gender mainstreaming strategy, a capacity development framework and strategy and a communications strategy. The first two strategies have been included as annexes to the IP3 circulated to development partners. The Communications Strategy is expected to be completed in January. In support to the IP3 design team, preparatory work on POC within the IP3 budget was also prepared. Finally, PSDD advisors spent considerable time at the request of the IP3 design team to review drafts, assist in budgeting and facilitate meetings with key government officials.

M&E: Considerable work was undertaken related to strengthening the NCDD data bases, the analysis and use of information, the M&E system and sub-national M&E capacities. The production of 193 *District* and 24 *Province/Capital Data Books* was completed in January, distributed to all Sub-National Councillors and a training course delivered to each council on how to interpret and utilize the data within the constituencies. The *Commune Data Base (CDB)* continued to be widely used by researchers and practitioners with applications developed during the semester for establishing a Cambodian Human Development Index (CHDI) for UNDP's National Human Development Report as well a statistical projection model and scenarios for socio-economic consequences of Climate Change. The *Project Information Data Base (PID)* for tracking C/S projects was significantly upgraded and linked with the C/S financial management system and national training carried out in the semester for all provinces. Significant progress was made for establishing *IT capacity* in all 193 districts/municipalities and 24 provinces/capital with 24 provincial and 193 district IT officers recruited, procurement/instalment of the required number of laptops and solar sets completed and three rounds of training delivered. Developing sub-national M&E capacity involved the design of three training modules which were delivered through training by 48 master trainers to 485 ExCom CAU M&E officers and department focal points of whom 25% were women. The *Formative Evaluation and Outcome Monitoring* study was completed; two analytical reports related to factors influencing local governance outcomes prepared and disseminated at a national seminar; an in-depth analysis of the NCDD MIS system was completed with recommendations on the redesign of the NCDD MIS to accommodate data needs for the National Program/IP3; and a 2010 CMDG Atlas and CMDG scorecards for use in local level planning were designed and field tested before being introduced through: a) six regional workshops with 900 provincial and district officials and counselors; and b) with 1,200 CS Councils and CCWCs through the CCWC training and 2011 CS planning process.

Key Implementation Issues/Challenges: The prolonged IP3 design process and the slower than anticipated design of the Sub-national finance law, SNA planning guidelines and establishment of the sub-national administration structures prevented several planned capacity development interventions from being implemented. The NCDDS was simultaneously preoccupied with the IP3 design, the drafting of important sub-legislation and regulations and the building of consensus within government on key reform features while at the same time continuing to manage implementation of ongoing development projects. All of these issues have dramatically reduced the time available in 2010 for the preparatory actions necessary for IP3 to fully commence. In addition, the cancellation of all incentive schemes at national and sub-national levels contributed to a downturn in motivation and performance. Finally, the disparity of views among the DP's as to both the current and the future arrangements has made it difficult to build consensus around the enormously ambitious agenda ahead in 2011.

Part II: Narrative Report on 2010 Outputs

Output 1: Cambodian-owned sub-national structure agreed and in place that promotes voice, responsiveness, delivery capacity and accountability.																									
1.1	<p>1,621 CS Councils design, procure, monitor, implementation and account for 2,500 projects prioritized in CS Investment Plan</p> <p><i>Indicator: 4,000 CS Projects implemented in 2010.</i></p>	<p>delivery <i>exceeds</i> plan</p> <p>2009 CS Fund Carryover Projects: In the first ten months of the year, a total of 1,558 CS Fund projects carried over from the previous year were completed.</p> <p>2010 CS Projects: The cessation of incentive payments from January 2010 combined with delays in resolving specific procedures related to the calculation of tax withholding and pre-qualification of contractors resulted in overall delays to the 2010 CS Fund project design and procurement across the country in the first half of the year. The issues were finally resolved at the end of June and project bidding/implementation proceeded in all provinces. As reflected in the table below, as of 31 October 2010 1,362 projects were designed and prepared for bidding; 990 contracts were awarded; and 292 projects either completed or under implementation. As compared to the previous year this represented a 20% decrease in implementation.</p>	<p>delivery <i>in line</i> with plan x</p>	<p>delivery <i>below</i> plan</p>	<table border="1" style="margin: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th rowspan="2" style="padding: 5px;">Total Projects Planned</th> <th rowspan="2" style="padding: 5px;">Prepared for Bidding</th> <th rowspan="2" style="padding: 5px;">Adver-tised</th> <th rowspan="2" style="padding: 5px;">Contracts Awarded</th> <th colspan="2" style="padding: 5px;">Contracts Completed</th> </tr> <tr> <th style="padding: 5px;">100%</th> <th style="padding: 5px;">50%</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">1,645</td> <td style="padding: 5px;">1,362</td> <td style="padding: 5px;">1,155</td> <td style="padding: 5px;">990</td> <td style="padding: 5px;">104</td> <td style="padding: 5px;">188</td> </tr> <tr> <td></td> <td style="padding: 5px;">83%</td> <td style="padding: 5px;">70%</td> <td style="padding: 5px;">60%</td> <td style="padding: 5px;">6%</td> <td style="padding: 5px;">11%</td> </tr> </tbody> </table> <p>2010 NRM Projects: Under the Danida NRM in D&D component in 2010, 910 projects were designed by CS Councils, contracted out to service agents (NGOs and departments) and are under implementation. In relation to local natural resource management, a total of 1,246 community groups were formed during the year related to fisheries, forestry, integrated farming systems and protected areas. Owing to the same constraints noted above as well as substantial reductions resulting from bidding processes, implementation has been slower than the previous year which will result in considerable funds remaining un-disbursed by end December.</p> <p>2010 Other CS Projects: Through targeted allocations from projects supported by UNICEF, UNDP-EC/DDLG, ADB and NGOs an estimated 1,000 additional CS Projects were implemented in 2010 with direct or indirect support from PSDD Advisors.</p> <p>Outputs: An analysis of total outputs from all of the above projects will be compiled from data bases in early 2011.</p>	Total Projects Planned	Prepared for Bidding	Adver-tised	Contracts Awarded	Contracts Completed		100%	50%	1,645	1,362	1,155	990	104	188		83%	70%	60%	6%	11%
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1,645	1,362	1,155	990	104	188																				
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1.2	<p>Commune Committees for Women and Children (CCWC) in 1,199 Communes monitoring, advocating and taking action on social development</p> <p>Indicators: <i>over 120,000 councilors/citizens assessing/taking action on local social development;</i></p> <p><i>14,500 children (47% girls) in 704 new pre-schools organized by CS Councils;</i></p>	<p>delivery <i>exceeds</i> plan x</p> <p>At the end of December 2009, \$ 1.2 million was transferred through the National Treasury to 1,200 CS Council accounts (\$ 1,000 per CS) from the additional 2009 allocation from SIDA programmed for support to CCWC identified activities. Following work with the National Treasury to amend CS budget codes and facilitate disbursement for small, service related activities, training curricula was developed in collaboration between PSDD, UNICEF, DoLA and the concerned Ministries including the use of CMDG scorecards developed with assistance from UNDP. The achievements during the year were remarkable and include the following:</p> <p>Monthly CCWC meetings: Over 10,000 CCWC monthly meetings were held (85%) chaired by the CS Chief and attended by CCWC members including the Gender focal point and representatives from the Health Center, School Committees and police to formulate work plans and priorities and review progress on implementation.</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan</p>																					

	<p><i>enhanced interaction between CS and line departments on local social development;</i> <i>local health and gender networks being established.</i></p>	<p>Quarterly District meetings: Nearly 400 District coordination meetings were held (90%) with representatives of all CCWCs, District Governors and representatives from relevant line offices to coordinate line department support to the local level and provide feedback on service delivery performance.</p> <p>Education: 704 pre-schools were established, 704 teachers recruited (569 by CS Council with the rest by the Education Department), an average of 10 days training was provided to the teachers by Province/District Education Department, and 14,572 children are attending these pre-schools (47% girls). In some CS campaigns to encourage children to attend both pre-school and primary school were undertaken.</p> <p>Health: All CS were implanting activities relating to maternal health including monitoring of pregnant women, provision of transport and food support to poor women for delivery and dissemination campaigns. Health networks were being strengthened in coordination with the health centers and through village health volunteers and a pilot is underway in Takeo Province with support from the Swiss Red Cross on modeling a local health network with promising results.</p> <p>Sanitation/Hygiene: Primary activities included provision of support for water filters and latrine construction and in some places village sanitation agents were being established. More support is needed from PDRD on these issues.</p> <p>Gender Mainstreaming: Through the Department of Women’s Affairs training was provided to CS Gender Focal Points, strengthening of local gender networks including village focal points and advocacy on civil registration and domestic violence.</p> <p>CMDG scorecards: scorecards were introduced through training of CS and CCWCs and reports indicate that they are easy for local people to understand. Training has been delivered to province level on generating the scorecards and it is expected that they will be referred to in the current CS planning cycle.</p> <p>Experience in 2010 has demonstrated the great potential through the Women and Children Committee structure for: CS local service provision, development of local functions at sub-province level, increased accountability for service provision through district forums, and impact on CMDGs. CS Councils have been informed that there will be no earmarked contribution to CCWCs in 2011 and have been encouraged to include continued support to CCWC identified activities within their 2011 CS budgets.</p>		
<p>1.3</p>	<p>Councils in 194 Districts/Khans/ Municipalities receive organizational development training and oversee preparation of five year development plan</p> <p>Indicators:</p> <p><i>4,000 copies of District Data Books disseminated to D/M councilors through training.</i></p> <p><i>Organizational Development Manual designed.</i></p>	<p>delivery <i>exceeds</i> plan</p> <p>The design of an organizational development (OD) capacity development strategy for District/Municipality Administrations was drafted during the year, the methodology included in the IP3 design under Sub-Program 2/MoI and a manual in Khmer will be finalized by the end of December. As a new approach to developing the capacities of sub-national administrations, considerable time was spent on briefing and sensitizing NCDDs and MoI officials most particularly through two workshops with the heads of units and key capacity development officials. The OD Manual will serve as a basis for Provincial Capacity Development teams to work with Districts and Municipalities over the course of the IP3 and following an intensive training of OD trainers, “entry workshops” for districts and municipalities are expected to be rolled out during the first quarter of 2011 to be followed up over the progression of the IP3.</p> <p>As regards Sub-National Planning, the preparation of the guidelines has taken longer than expected owing to substantive and conceptual issues related to the reform (see 2.1 below). The guidelines are expected to be approved by the NCDD at it’s 16 November meeting with the planning process introduced in the first semester of 2011.</p> <p>Finally, the input to District/Municipal Councils related to the distribution and capacity development on the use of District Data Books compiled by NCDDs and PSDD from a wide range of available socio-economic and administrative data bases. Reports from the districts/municipalities and provinces indicate that these data books, of which over 4,000 copies were disseminated to councilors, have been closely studied and discussed by the newly established Councils. The complete set of 193 District/Municipal Data Books were tailor made for each SNA and are available on the NCDD website in English and Khmer languages.</p>	<p>Delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan x</p>
<p>1.4</p>	<p>Provincial Executive Committees in 24 provinces execute their individual AWPBs with aggregate value of \$ 67</p>	<p>delivery <i>exceeds</i> plan</p> <p>In 2010, a total of \$ 3.1 million was allocated to the 24 Provincial ExComs to support overall management, capacity development, contract administration, monitoring and evaluation, technical services to districts/communes and operations. In relation to the overall, aggregate 2010 budget managed under the ExComs of \$ 67 million this represents 4.6%. The sudden cessation of incentive payments from 1 January</p>	<p>delivery <i>in line</i> with plan x</p>	<p>delivery <i>below</i> plan</p>

	million	2010 had a demoralizing effect on the civil servants working under the aegis of the ExCom in the 24 provinces and led to a downturn in performance (see two reports on impact of suspension of incentives prepared by PSDD for DPs). Owing to the uncertainty of incentives and the need to revise the NCDD Administration Manual of Procedures to enable DSA to be introduced in accordance with Anukret 10, finalization of 2010 provincial implementation contracts were delayed. Notwithstanding these constraints, a total of 234 provincial contracts and 26 district agreements involving 104 sub-contracts were signed with implementing agencies and administered and monitored following NCDD guidelines; the CCWC Initiative was successfully organized and coordinated; the Accountability Working Group and Safeguards Mechanism substantially improved; audit findings followed up; ongoing support to the CS councils provided throughout the year; and nearly \$ 50 million disbursed and accounted for through monthly and quarterly reporting. Projected delivery against the ExCom budget is 92% for the year.		
1.5	National Ministries provide guidance, supervise, monitor and develop capacity of sub-national units/ authorities with specific focus on CMDGs	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p>The 2010 allocations from the NCDD to the six Ministries of Interior, Health, Education, Rural Development, Women's Affairs and Social Action included support for the formulation, coordination, guidance and monitoring of the CCWC/ CMDG guideline on social development at the sub-national level. Main achievements during the year included the following:</p> <ul style="list-style-type: none"> • The official establishment of the National Social Service Working Group (NSWG) in March 2010 consisting of representatives of seven Ministries chaired by the Head of the NCDD Secretariat; • A study tour in June by the NSWG members and focal points from 18 provinces to the six UNICEF-supported provinces to study actual implementation of activities related to pre-schools, maternal health, hygiene/sanitation, child protection and gender by the CS Councils with support from the CCWCs. • The preparation and approval in July of guidelines on the functions of the CCWCs in consultation with relevant ministries and stakeholders; • A national orientation workshop on the above guidelines and the use of the CMDG scorecards conducted in August; • A three-day TOT training on the implementation of the CCWC guidelines conducted in Battambang on 17-18 September for the PLAU and LAA of all 18 provinces in cooperation with the member Ministries of the NSWG; • Numerous field visits by the NSWG members to the provinces to discuss with their departments and district offices on the specific support to be provided to C/S Councils in relation to their functions. 		
1.6	NCDDS/Policy Team drafts sub-legislation on mandate, functions, accountabilities of sub national structure and designs training programs <i>Indicator: Policy instruments designed/ adopted; training curricula on roles & functions of D/M Councils prepared; all D/M Councils trained.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p>In response to the Organic Law and the need to establish new administrative structures at the sub-national level, in late 2009 nine legal documents (3 Prakas and 6 sub-Decrees) were drafted and adopted by the government. Based on these legal documents, the NCDD/Policy Team prepared guidelines on: a) the integration of the existing structures and personnel into the newly defined sub-national structures; b) the division of roles and responsibilities between the governor and deputy governors of the Capital, province, municipality, district and Khan administrations; and c) the roles, responsibilities and working procedures of the Technical Facilitation Committees of the Capital, Province, Municipality, District and Khan. Following adoption of the guidelines, the primary work undertaken by the NCDD/Policy Team since early 2010 was to oversee, assist and monitor the establishment of the new structures at sub-national level which was completed in the third quarter of the year. To support these sweeping reforms, the Policy Team disseminated the above legal instruments to key officials of the government and helped organize a Training of Trainers workshop on the roles, responsibilities and working procedures of the new sub-national administrations. This TOT was completed in the third quarter and the training to all 193 District/Municipal Councils will be completed by early December. In addition to the above, the Policy Team was actively engaged in finalizing the NP-SNDD adopted by the NCDD in March 2010 and organizing the launch of the NP-SNDD presided over by the Prime Minister in August 2010. Finally, the Policy Team has engaged in the deliberations on the Draft Law on Finance and Property Management at the Sub-national level, the draft Technical Guidelines on Formulation of the Sub-national Development Plan and the 3 Year-Rolling-Investment Plan, and the finalization of the IP3 document all of which will be presented for endorsement/approval to NCDD meetings scheduled in November.</p>		

1.7	NCDDS/Program Support Team executes the 2010 NCDD AWPB and guides formulation of the 2011 IP3 AWPB	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
<p>The \$ 93 million, 2010 NCDD AWPB consisted of \$ 35 million of domestic resources and \$ 68 million from DPs through 20 projects. Of this total, \$ 70 million was allocated to the sub-national level with the balance reserved for national level support to the NCDDS and cooperating Ministries. Over 90% of the resources allocated to the sub-national level was coordinated by the 24 Provincial Executive Committees. While the NCDDS served as executing agency for 43 % of all resources and 70% of all external resources, in its role as the supervisory authority for the PRDC ExComs, the NCDDS provided overall coordination for the vast majority of the total resources. This included the approval of Provincial AWPBs, formulated in an integrated manner with all DP projects; monitoring and evaluation through analysis of reports and field visits; financial management at national level and financial oversight for sub-national level; procurement of goods, services, consultants and studies; administration of contracts signed with 10 Ministries/Institutions; coordination and follow up on the annual joint audit; interaction with supervision missions, project evaluations and reviews; preparation of public information materials and maintenance of the NCDD Web Site; organization of national workshops with the sub-national authorities to review progress; and reporting to development partners and the NCDD. Based on preliminary information, disbursement against the \$ 93 million AWPB as of end October was estimated at 65%.</p> <p>As regards formulation of the 2011 IP3 AWPB, as the IP3 document was only finalized in mid-November and will be presented to the NCDD for approval on 25 November, this work will only commence at the end of November.</p>				
1.8	Gender Mainstreamed in planning, budgeting, data analysis, training and implementation at all levels	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
<p>During the year, PSDD advisors continued to support gender mainstreaming at sub-national level. This work centered on the project's collaboration with the Provincial Department of Women's Affairs in each province and with CSO/NGOS working to promote gender equity. As the PSDD Gender Progress Report documented, immense progress on gender mainstreaming took place over the years at the sub-national level. This was due to increased awareness of gender equity coupled with capacity development on gender related issues. PSDD continued to support progress being made toward gender mainstreaming through 1) facilitating and promoting activities centered on enhancing gender equity capacity of government institutions, 2) supporting activity of gender focal points and promoting gender mainstreaming partnerships, 3) conducting or facilitating gender related capacity development events; and 4) expanding gender networks. This has led to increased gender related non-infrastructure projects identified in Commune Development plans/budgets and ever increasing number of gender related activities identified at the District Integration Workshops (DIW) and the PIF (see NCDD issued report <i>An Analysis of the Commune Development Planning Data Base: Priority Requests and Responses:2004 to 2008</i>). Additionally, PSDD/NCDD has ensured that gender disaggregated data is reported in all of its databases and works to promote gender responsive HR practices at all levels. In support of these activities, PSDD issued a ToR for gender specialist to work to build upon the gender mainstreaming activities documented in the National Program so that they are mainstreamed in the IP3 (see section 4.4 below for more detail on this work).</p>				
Output 2: Systems Developed and Integrated into new National Structures and Systems				
2.1	Sub-National planning system guidelines finalized and introduced through training and plans prepared Indicator: <i>Draft SNA guidelines prepared; SNAs receive training on guidelines; plans prepared.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan	delivery <i>below</i> plan x
<p>With technical support from PSDD and UNCDF to the NCDD Sub-Committee on Sub-National Development Planning the following documents were produced in 2010:</p> <ul style="list-style-type: none"> • draft technical guidelines on the formulation of the Capital/ Provincial Development Plan and Capital/ Provincial Three-Year Rolling Investment Program; • draft technical guidelines on the formulation of the Municipal/District Development Plan and Municipal/ District/ Three-Year Rolling Investment Program; • draft sub-decree to revise article 12 of sub-decree No. 219 extending the deadline for formulation of the first SNA Development Plan and three-year rolling Investment Program from one year to two years; • draft inter-ministerial Prakas from MoP and MoI on formulation of the development plan and three year rolling investment program. 				

		<p>Three meetings of the NCDD Sub-Committee on Sub-National Development Planning were held during the year to reach consensus on the design of the planning guidelines primarily to secure the primary role of the Councils in establishing policies and priorities for planning within their jurisdictions. The above documents will be submitted for approval to the 16 November 2010 meeting of the NCDD.</p> <p>The preparation of training modules based on the draft guidelines by a working group consisting of MoI and MoP officials commenced in late October. As such the training of SNAs on the planning system, scheduled to be completed in 2010, will now only take place in the first semester of 2011.</p>		
2.2	<p>Sub-National finance system revisions and district finance system introduced through training</p> <p>Indicator: <i>Draft Law finalized and adopted by National Assembly; system designed and introduced through training.</i></p>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan	delivery <i>below</i> plan x
		<p>The draft Sub-National Finance Law, a prerequisite for sub-national finance reform, including the design of a district finance system, lies at the heart of the Democratic Development reforms and has been subject to considerable debate and negotiation between the NCDD and the Ministry of Economy and Finance throughout the year. Based on a consensus reached between the two institutions in September, the draft law has been revised and is expected to be submitted to the NCDD for endorsement in November. The draft law includes the establishment of the District/Municipal Fund and following the law's adoption, the design of this fund and the design of the district finance system will be two top priorities within the first quarter of 2011. The introduction of the district finance system through training and coaching will follow immediately after. As such, the achievement of this output during 2010 was not possible but on the assumption that the law will be adopted and the systems designed, a major prerequisite for the SNDD reforms will have been achieved in the year.</p>		
2.3	<p>National Ministries develop/design systems, review functional assignments, organize training/workshops and monitor activities</p> <p>Indicator: <i>set of candidate functions for reassignment to sub-national level prepared.</i></p>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p>In 2010, a total of \$ 440,000 was allocated to 10 ministries to support a) the CCWC/CMDG initiative noted in Output 1.5 above and b) for the organization of workshops and seminars to review and analyze existing legal frameworks with a view towards identifying functions which could be transferred to sub-national authorities in the future. As of end October, 50% of the funds had been disbursed and the following highlights of reported progress achieved is provided:</p> <ul style="list-style-type: none"> • Min/Education: drafted 6 functions for eventual transfer to sub-national administration: preschool education, non-formal education, primary school management, ensuring adequate materials at educational institutions, life skill training and monitoring non-technical aspect at education instructions. The ministry also conducted consultations with provinces and local authorities • Min/Health: drafted 8 functions to be transferred to sub-national administrations in relation to local health policy formulation, formulation of annual plan and 3 year rolling plan, budget allocation, producing, distribution and HRM, health service delivery, formulation of policy and guideline, quality control and issuing license, ME on programs and projects; and technical support. The ministry also conducted consultations with provinces and local authorities. • Min/Social Affairs: prepared a draft list of 5 functions to be transferred to sub-national administration including: management of orphanages, management of centers for youth rehabilitation, management of payment of benefits to veterans, management of payments of benefits to retirees, and management of centers for rehabilitation and vocational training for handicapped persons. The ministry also conducted consultations with provinces and local authorities. • State Secretariat for Civil Service: prepared two glossaries on the internal use and administrative operation of public service. The ministry D&D working group and members of NCDD sub-committee on SNA personnel conducted visits to provinces to monitor integration of sub-national old structures into the new administration in 8 provinces and disseminate and discuss on a draft paper on management of SNA personnel in 4 provinces. • Min/Women's Affairs: conducted a national forum on participation of women leadership at the SNA levels especially the deputy governors of SNAs. • Min/Interior: completed the integration of staff from the old Sala Khet structures into the new sub-national administrative structures through numerous field visits and meetings. 		

2.4	Revision and operation of new Safeguards Monitoring System Indicator: <i>Revised system introduced, safeguard screening implemented according to guidelines</i>	delivery <i>exceeds</i> plan x	delivery <i>in line</i> with plan	delivery <i>below</i> plan																											
		<p>With support from the World Bank/RILG and PSDD, the safeguards monitoring system under the NCDD in 2010 consists of a national safeguards working group, four regional safeguard officers and focal points in all 24 provinces focused on assisting CS Councils to implement safeguard screening measures for investment projects related to land acquisition, environment and impacts on highland peoples. The watch list of communes located in high risk areas or with a high concentration of highlands peoples has been updated regularly with the latest update currently under implementation. During the year 307 key officials were trained on the application of safeguard measures followed up by direct coaching, facilitation and backstopping by the safeguard teams. In 2010 this training was complimented by an Environmental Awareness Campaign implemented by a local NGO for which an impact assessment report will be prepared by December.</p> <p>The following table reflects the safeguard screenings undertaken in the first three quarters of 2010.</p> <table border="1"> <thead> <tr> <th rowspan="2">No. of CS Projects</th> <th colspan="2">Projects under Watch List</th> <th colspan="7">Number of 2010 projects with safeguard screening implemented (as of Sept. 2010)</th> </tr> <tr> <th>Env.</th> <th>HP</th> <th>Env Only</th> <th>Land Only</th> <th>HP Only</th> <th>Env. & Land</th> <th>Env. & HP</th> <th>Land & HP</th> <th>All three</th> </tr> </thead> <tbody> <tr> <td>1,819</td> <td>489</td> <td>117</td> <td>420</td> <td>460</td> <td>14</td> <td>364</td> <td>25</td> <td>14</td> <td>64</td> </tr> </tbody> </table>			No. of CS Projects	Projects under Watch List		Number of 2010 projects with safeguard screening implemented (as of Sept. 2010)							Env.	HP	Env Only	Land Only	HP Only	Env. & Land	Env. & HP	Land & HP	All three	1,819	489	117	420	460	14	364	25
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Output 3: Investment Funds Delivered through Mechanisms that Promote Accountability and which Enable Debate.

3.1	CS Fund: Royal Government's Commune/Sangkat Fund financially supported Indicator: <i>Contributions to CS Fund transferred; transfers to CS Accounts on schedule; budget execution reported on; CS projects procured through public bidding are implemented and monitored.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan	delivery <i>below</i> plan x																			
		<p>The cessation of incentive payments from January 2010 combined with delays in resolving specific procedures related to the calculation of tax withholding and pre-qualification of contractors resulted in over all delays to CS project design and procurement across the country in the first half of the year. The issues were finally resolved at the end of June and project bidding proceeded in all provinces. As reflected in the table below, the aggregate, approved CS budget in 2010 amounted to \$ 55.5 million equivalent with 35% representing carryover from 2009. Against the 2010 CS Fund allocation, transfers as of end October amounted to \$ 16.3 million or 45%. Disbursement against the overall 2010 CS budget amounted to \$ 18.3 million or 33% of the total approved budget. The rate of transfers is considerably less than at the same month in previous years and is mostly due to the relatively high, aggregate cash balance in CS Accounts (\$ 17.2 million or 31% of the total 2010 budget) and the need for overall cash management within the national budget. The rate of disbursement is also considerably lower than previous years. While this is expected to rise considerably in the last quarter of the year, it is projected that the overall rate of disbursement in 2010 will be lower than previous years.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>US Dollars</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>2009 Carryover Budget</td> <td>19,246,566</td> <td>35%</td> </tr> <tr> <td>2010 CS Fund allocations</td> <td>36,237,561</td> <td>65%</td> </tr> <tr> <td>Total 2010 Budget</td> <td>55,484,127</td> <td>100%</td> </tr> <tr> <td>Transfers (end Oct)</td> <td>16,281,871</td> <td>45%</td> </tr> <tr> <td>Disbursement (end Oct)</td> <td>18,245,221</td> <td>33%</td> </tr> <tr> <td>Cash balance (end Oct)</td> <td>17,160,709</td> <td>31%</td> </tr> </tbody> </table>			Item	US Dollars	%	2009 Carryover Budget	19,246,566	35%	2010 CS Fund allocations	36,237,561	65%	Total 2010 Budget	55,484,127	100%	Transfers (end Oct)	16,281,871	45%	Disbursement (end Oct)	18,245,221	33%	Cash balance (end Oct)
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		As regards external financing of the CS Fund, the PSDD contribution to the 2010 CS Fund of \$ 1.5 million was made in June 2010 and with considerable support from PSDD, total reimbursements from the World Bank to the CS Fund in 2010 are expected to reach a total of \$ 9 million. Finally, on 6 August 2010, sub-decree # 93 was issued by the RGC reflecting the decision to maintain the national budget allocation to the CS Fund at 2.8% of domestic revenue for the years 2011, 2012 and 2013. The 2011 allocation amounts to Riels 159.4 billion equivalent to US \$ 38 million After applying the allocation formula, each C/S Council was informed of their 2011 allocation for their annual investment planning and budget formulation which is well advanced in all C/S.		
3.2	District Committees in 106 Districts (Danida 78 and UNDP 28) implement their 2010 Investment Plans Indicator: <i>28 District AWPBs formulated, approved by ExCom, sub-contracts signed with implementing agencies and implemented</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p>A total of \$ 3.2 million was programmed by 106 districts in 2010 for priority investment activities selected by CS Councils and District Development Committees according to guidelines issued by the NCDD. In aggregate, 485 investment projects valued at \$ 2.84 million were approved with investments in local infrastructure representing 19% of the projects and 49% of the total investment budget and investments in non-infrastructure activities representing 81% of the projects and 51% of the total investment budget. A total of 10% was allocated for capacity development activities and operations costs related to implementation, monitoring and oversight. As of end October 2010, total physical delivery stood at 70% with financial delivery at 40%. By the end of December 2010, it is estimated that 75% of the 106 districts/municipalities will fully complete their investment plans. With the exception of contract obligations and retention fees, remaining budgets will be returned to the NCDD for programming against the 2011 SNDD AWPB. An analysis of physical outputs for the 2010 cycle will be prepared in January 2011 for final reporting.</p> <p>This is the final year of the District Initiative which was designed in 2005-6 to develop capacity at the District/Municipal level in assessing the status of development in their jurisdiction; enhancing coordination between line offices, CS Councils and district administrations; and managing the prioritization of local activities raised by the CS Councils, preparing an annual investment plan, procuring services and overseeing the implementation of local infrastructure and services. Based on external and internal reviews, there is no doubt that capacity in target districts has been considerably enhanced; the interaction between administrations, line offices and CS Councils strengthened; and fundamental management skills developed. The lack of a clear division in functional assignments and the relative lack of capable service providers at the sub-province level are weaknesses to be addressed in the national program.</p>		
3.3	PIF/Functions: 24 Province/ Municipalities implement their 2010 Investment Programs focused on functions Indicator: <i>Line Departments engaging with CS Councils through district forums to coordinate support to local social service initiatives, monitor performance and receive feedback on service delivery</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p>The Provincial Investment Fund (PIF) was re-conceptualized in late 2009 to place the major emphasis on developing capacity for specific sector functions at the local level. Against the total 2010 PIF allocation of \$ 751,504, 46 % was allocated to support Planning and Gender in all 24 provinces (total \$ 347,000) with the balance programmed primarily for departments in 18 provinces engaged in the CMDG/CCWC initiative. A total of 138 contracts were designed and signed between the ExCom and line departments. While the outputs from these contracts will be derived from the NCDD databases at the end of the year, a summary of the main activities is as follows:</p> <p>Planning: updating of the Commune Database and Commune Development Planning Database; preparation of District Priority Action Matrices and organization of 193 District Integration Workshops;</p> <p>Women's Affairs: strengthening local gender networks; quarterly meetings of gender focal points in line departments; dissemination of the law on domestic violence; interaction with CCWCs through quarterly meetings; follow up on specific support activities to CS Councils;</p> <p>Health: strengthening local health networks, education and awareness on maternal health through videos and materials, interaction with CCWCs through quarterly meetings.</p> <p>Education : Establishment of local pre-school education networks; provision of training and materials to pre-school teachers; interaction with CCWCs through quarterly meetings; evaluation meetings to assess pre-school performance; dissemination activities to encourage attendance at pre-school and primary school.</p> <p>Rural Development: establishment of local sanitation network; education and awareness activities on hygiene/sanitation; provision of water filters and supplies for latrines; interaction with CCWCs through quarterly meetings.</p>		

		This is the last year of the PIF which for the past 12 years has provided the only truly discretionary development resources to the province, is programmed in response to local priorities and which engages the line departments in the D&D process. It is hoped that experience generated under the PIF may be transferred to the planning and programming of future development budgets under the Province and District Councils.		
3.4	PSDD Support to Other Investment Funds	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		In 2010 a total of 20 projects/components financed by the RGC and 15 DP's were implemented under the NCDD framework with an aggregate value of \$ 94 million. Against this total, PSDD advisors provided comprehensive technical support to the RGC's C/S Fund and 8 projects financed by 8 DPs valued at \$ 72.5 million (73%); partial technical support to 7 projects financed by 8 DPs valued at \$ 12.6 million (13%); and limited technical and coordination support to 5 projects financed by 5 DP's valued at \$ 9 million (13%). According to financial reports, transfers and delivery rates for those projects fully assisted by PSDD advisors were 35% higher than those projects receiving only partial support. While at national level support to D&D is quite fragmented, over 92% of all funds transferred to sub-national authorities from all sources supporting D&D are managed by the 24 Provincial Executive Committees using common systems and procedures and programmed in an integrated manner. In 2010, with the exception of six UNICEF advisors, all technical support to sub-national authorities for D&D were provided through the PSDD Project through harmonized technical service arrangements. On average, each of the PSDD Provincial Advisory Teams provided support to 6 projects targeted in their province. While included in the design of the PSDD project, the volume of work related to supporting each of these development projects is often underestimated. As one indicator, PSDD advisors designed TORs for 25 consultancies/studies financed by WB/RILGP (aggregate value: \$ 1.4 million) implemented in 2010, oriented and guided the consultants recruited, facilitated meetings and field visits and provided follow up on agreed recommendations.		
Output 4: Aid Effectiveness Mechanisms in Place.				
4.1	NP-SNDD Three Year Implementation Plan, 2011-2013, designed, budgeted and approved. Indicator: <i>2011 AWPB prepared, discussed with DPs and approved by NCDD</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		The responsibility for the design and budgeting of the IP3 rests with the NCDDS and the IP3 Design Team. Nevertheless, throughout the three phases of the design period PSDD advisors have been called upon by the NCDDS and the IP3 design team for inputs on design and budgeting aspects, comments on drafts, organization of internal meetings with the NCDDS and proposed sub-program authorities, data collection, clarification of the existing context, transitional strategies and translations of all texts. Equally important PSDD has designed TORs and facilitated the work of 8 consultancies that have contributed to the IP3 design. At the time of this report, Draft 1 of the IP3 was just being finalized, consultations with the six sub-program authorities being prepared and the document is expected to be submitted to the NCDD on 16 November.		
4.2	NP-SNDD Capacity Development Strategy Formulated, Planned and Budgeted Indicator: <i>Draft CD Strategy formulated and ready for consultation with DPs</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		A PSDD consultancy to assist in the formulation of capacity development interventions and initial action plan was designed in the first quarter and recruitment completed in the middle of the second quarter. As of this work, the Consultant, working with government staff and advisers completed consultations with a wide range of DPs and national stakeholders on the general context and orientation of a CD Strategy/Framework for the National Program. After completing the inception report and an initial/draft Capacity Development approach to implementing the IP3/NP-SNDD was presented and discussed within the NCDDS first and then shared with the DP community. In line with the developing an overall approach to the capacity development, the Consultant provided substantial inputs on how best to incorporate capacity development interventions at all entry points (enabling environment, organizational and individual levels) to the design of IP3. Draft materials for developing a comprehensive Capacity Development Framework as called for under sub-program 1 were submitted to the NCDD and IP3 design team, including a supplementary competency based approach to define assessment of capacity at all entry points. This should be the basis of the foundation stone for a strong and sustainable CD Strategy. The consultant also promoted the use of participatory methods for capacity development in the IP3/NP-SNDD. Finally, a list of sequenced priority capacity development actions for 2011 was developed based on early versions of the IP3 as input to the first one year AWPB for 2011.		

<p>4.3</p>	<p>National and Provincial Accountability Working Groups taking action against complaints</p> <p>Indicators: Compared to all of 2009, in first 3 quarters of 2010:</p> <p><i>68% increase in complaints received; 300% increase in complaints under investigation; 30% increase in complaints resolved.</i></p>	<p>delivery <i>exceeds</i> plan x</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan</p>																													
<p>The National Accountability Working Group (NAWG) and Provincial Accountability Working Groups (PAWG), established with support from PSDD in 2005 as a complaints mechanism, continued to show remarkable improvement in 2010 following a thorough restructuring in the middle of 2009 and despite the suspension of incentives. PAWGs were reconstituted and include CS Councils from all political parties holding seats, government officials, private sector and NGOs. The regularity of monthly meetings, the frequency of complaint collection from the 2,550 accountability boxes throughout the country and the number of complaints resolved have increased dramatically since the middle of 2009. This is due in large part to interventions from the NAWG which stressed the high priority placed on accountability at national workshops and who have increased the number of monitoring visits to attend PAWG meetings and provide guidance. This is reflected in the table below comparing performance in the second quarter of 2009 and 2010.</p>																																	
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<p>Sanctions applied as a result of investigations to complaints included the transfer of officials out of the program, contractors obliged to improve the quality of their work and officials forced to pay back funds that were seen to be misappropriated. A campaign to increase awareness of the accountability mechanism included the production and dissemination of posters to all SNA levels and the production of TV and radio spots to be broadcast on national and regional TV and radio. A Manual on Complaint Collection and Resolution was produced early in the year and training of all 42 AWG Provincial Support Officers (PSO) conducted in March. This has been followed by another WB-funded consultancy to produce a more detailed Handbook for PSOs, including checklists for reviewing and investigating complaints, which will soon be completed and disseminated through training.</p>																																	
<p>4.4</p>	<p>District Integration Workshops organized in 193 Districts/Municipalities Khans generating response to local demand by Line Departments/NGOs</p> <p>Indicator: <i>2010 DIW process generates 44,283 agreements with CS by line departments/NGOs despite the unavailability of PSDD PIF allocations (\$ 2.4 m in 2009).</i></p>	<p>delivery <i>exceeds</i> plan x</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan</p>																													
<p>The 2010 District Integration Workshops (DIW) were successfully organized in the third quarter and completed by December 2010. Co-chaired by District Governors and District Council Chiefs and attended by representatives of CS Councils, line departments, IO's and NGOs working within the district (11,500 participants in total), the workshops review the priorities raised by CS Councils in their CS Development Plans and enable line departments, IO's and NGO's to respond to local demand in preparation of their 2011 work plans and budgets. This is the first year that the workshops have been conducted with no support from national level and in the absence of Provincial Investment Fund allocations for the following year (2011). Based on reports received from 24 provinces, the level of response in 2010 has been equal to or more than the previous year with a total of 44,283 responses/agreements reached across the country. All data is being entered into the Commune Development Planning Database and a more thorough analysis will be available in early 2011. It is nevertheless clear that the DIW has become a sustainable process generating enormous support for local priorities prepared through the CS development planning process without any inputs from PSDD.</p>																																	
<p>4.5</p>	<p>NCDD Merit Based Incentive Scheme designed, job descriptions formulated, approved and introduced</p> <p>Indicator: <i>POC documents prepared</i></p>	<p>delivery <i>exceeds</i> plan</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan x</p>																													
<p>Considerable work was undertaken to prepare the necessary documentation for the RGC POC scheme to be applied under the NCDD for the second half of 2010. PSDD participated in meetings chaired by CAR on the application of the scheme and by end October, documentation was complete. By that time, however, it was decided that with little time remaining in the year and a serious shortage of funds projected in 2011 the emphasis should be placed on ensuring the maximum amount of carryover funds and preparation for POC in 2011. As such, this activity was suspended.</p>																																	

4.6	Gender Mainstreaming Strategy for IP3 formulated Indicator: <i>GMS drafted, circulated for DP comments and approved by NCDD.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
A Gender Specialist was recruited in August and has worked closely with the NCDD policy team and IP3 design team to prepare strategic approaches for gender mainstreaming against the NP-SNDD design as well as to formulate a gender strategy for the IP3. Consultations with various stakeholders at national and sub-national levels have been conducted in particular with the Ministry of Women's Affairs. The draft gender strategy was completed in early November and includes proposed strategic actions to promote gender-sensitive planning, budgeting, data analysis and capacity development. Following consultations within the NCDD, the draft will be circulated and discussed with the DP community before being finalized and included as an annex to the IP3 document.				
4.7	First year (2011) AWPB of the NP-SNDD formulated Indicator: <i>Approved 2011 AWPB available.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
With the expected approval of the IP3 by the NCDD on 16 November, the preparation of the 2011 AWPB has become the top priority. In a letter to all development partners on 4 November, the Deputy Prime Minister/Chair of the NCDD requested indicative information on expected levels of financing in 2011 to enable a realistic 2011 AWPB to be developed that is in line with the estimated resources available. The 2011 AWPB will be based entirely on the approved IP3 document and M&E framework with decisions on priorities to be taken based on available funding.				
4.8	PSDD Final Evaluation undertaken, lessons learned documented and report accepted Indicator: <i>Evaluation Report available.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
The final evaluation of PSDD was carried out in September/October and the final report was submitted in mid-November 2010. The report noted the weaknesses in project design, clarified many of the misperceptions of how PSDD operates, described the longer term context of project evolution and noted the significant achievements in capacity development.				
4.9	UNDP Audit of PSDD 2009 Accounts and Joint Audit of 2009 Accounts for five other projects completed on time and follow up action taken Indicator: <i>Audit of 2009 accounts undertaken and report produced by 31 March 2010.</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
The audit of the 2009 PSDD Project Accounts and the Joint Audit of 2009 Accounts for WB/RILG, IFAD/RPRP, IFAD/RULIP, UNICEF/Seth Koma and Danida NRML were conducted simultaneously in the first quarter of the year and the audit reports delivered on time to the respective donors by the end of the first quarter. Following receipt of the audit reports, meetings with all 24 provinces were organized to review findings, agree on mitigation and follow up actions and establish a regular reporting mechanism on the actions taken in each province. During the year, the NCDD Finance Unit visited each of the provinces to verify the actions taken and discuss outstanding issues. Attached as Annex I to this report is a summary of Audit Findings and the Follow Up Actions taken during the year.				
Output 5: NCDD M&E System strengthened, upgraded and tracking physical and financial progress against key indicators				
5.1	Design of NPDD M&E framework and system supported Indicator: <i>Draft M&E framework prepared</i>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
Based on a TOR developed by PSDD and the NCDD M&E Unit, which was disseminated for comments to all development partners, a World Bank-funded consultancy was procured in the second semester to develop an M&E framework for the IP3. The consultant, working under the guidance of the IP3 Design Team, held extensive consultations with NCDD, its development partners and advisers and most importantly with the senior government officials of the six sub-program agencies. In November a draft report was issued for government's consideration titled " <i>A Results Framework and M&E strategy for the IP3</i> " which includes a results framework for each of the IP3 sub-programs together with related indicators. The report also contained recommendations that centered on several key areas: a) to make the M&E framework as decentralized as possible; b) to make use of third party inspections to follow up on the reliability of key indicators, and c) to conduct a policy evaluation. At the time of preparing this report, the consultant's recommendations are under review by NCDD, the IP3 design team, development partners and technical advisers.				

5.2	<p>NCDD MIS System evaluated and technical recommendations on future design acted upon</p> <p>Indicator: <i>MIS evaluation conducted, recommendations followed up, programming of revised MIS underway</i></p>	delivery <i>exceeds</i> plan x	delivery <i>in line</i> with plan	delivery <i>below</i> plan
		<p>A UNDP consultant was recruited during the first quarter to evaluate existing NCDD database management and provide technical recommendations on future design of the NCDD management information system (MIS). This resulted in a comprehensive report “<i>Assessment of the NCDD-MIS Prototype and Recommendations for Further Development in the Context of National Program Data Management Needs</i>” including recommendations to enhance the NCDD MIS outputs as an in-house activity in line with the needs of users (technical staff and management). DANIDA, the funding agency for programming the NCDD MIS, approved a work plan to move forward with the recommendations and the NCDD contracted three expert programmers to begin work on developing the NCDD MIS, using templates and recommendations from the UNDP consultancy and including GIS capabilities to display spatial data. Procurement of additional computing equipment was completed and work to finalize the NCDD MIS is ahead of schedule and modified in such a manner so that it could be readily changed to accommodate the M&E needs of the National Program and incorporate localized CMDGs using data drawn from the Commune Database (CDB). The UNDP consultant also produced a comprehensive report, <i>Analysis of Data Management Systems and Needs for the National Program for Sub-National Democratic Development</i> which recommended the development of an M&E framework for NPDD along a three level typology. First to establish a system to measure the resources used for implementing the National Program/IP3 containing input from the AWPB. Secondly, to establish a system to track and measure the M&E indicators of local governance and development as a means to measure impact of the National Program on its intended beneficiaries. Third, to establish a SNA database for tracking and measuring their outputs based on performance benchmarks. The three-level typology was elaborated upon by providing recommendations on how each level of this typology could be measured by existing databases supplemented by other sources of data and surveys. The report was used by the IP3 design team as input to M&E sections of select sub-programs.</p>		
5.3	<p>National and Sub-National M&E Capacities Strengthened</p> <p>Indicator: <i>485 M&E Officers/ focal points trained in sub-project design, monitoring, evaluation and reporting</i></p>	delivery <i>exceeds</i> plan	delivery <i>in line</i> with plan x	delivery <i>below</i> plan
		<p><u>National level:</u> On the job M&E training was provided to NCDD PST M&E Unit M&E Officers and to 3 officers of NCDD Secretariat. A session on M&E was provided to the LASED project officials. M&E training materials and manuals were provided to UNDP LEAP-Cambodian Parliament project and to JICA PILAC2 project.</p> <p><u>Sub national level:</u> NCDD sub-contract specific M&E knowledge, skills and functional competencies of the PRDC ExCom CAU M&E Officers, of the Provincial Line Department M&E Focal Points and of the PST M&E Unit Officers have improved measurably from 2007 level. Sub national M&E capacity strengthening through the Provincial M&E Champions (2 per province) implemented through designing and delivering four customized training modules and materials namely, 1) Training of Trainer / Facilitator; 2) Essential Management and Professional Skills Development and 3) Sub-Contract (Project) Design, Monitoring, Evaluation and Reporting to 48 PRDC ExCom CAU M&E Officers and to 474 Line Department and District M&E Focal Points (24% female, <i>n</i>=522) and 4) Sub-Contract Evaluation – step by step methods and tools (72). One of the outcomes of the M&E Champion based training capacity thus established in the province is that it has been used to organize training within the agency (20 provinces) and that it responded to training needs from other agencies and NGOs (11 provinces). This capacity may now be utilized in providing training during the IP3 period.</p> <p>M&E skills upgrading and refresher workshop was designed and delivered to M&E Unit and DoLA officials (7) and to Provincial M&E and Sector Advisors (24) focusing on data and database analysis techniques.</p> <p><u>M&E and program-support research and analysis:</u> Research and analytical capacity of the NCDD PST M&E Unit have improved significantly. M&E Unit produced research and analytical products on progress with poverty reduction and with CMDG as well as on the outcomes and impact of NCDD investments and services on local governance improvements and have disseminated the results nationally.</p>		

5.4	<p>Sub-National IT Network established for NP-SNDD</p> <p>Indicator: 24 Provincial and 193 District IT Officers recruited, trained and supporting Provincial/District Administrations with hardware/software/databases/communications.</p>	<p>delivery <i>exceeds</i> plan x</p> <p>The recruitment of 24 Provincial/Capital IT Officers (PITO) and 193 District/Municipal IT Assistants (DITA) by the NCDDS, with involvement from the SNAs, was completed early in 2010. The PITOs received three weeks of training at national level covering systems management, data bases, computer and file security, web site use and hardware maintenance. Established as a technical resource within the provincial administrations, PITOs have subsequently filled an important gap in IT skills within the SNAs providing capacity building to the administration while maintaining IT systems and database security, supervising data entry and training and backstopping DITAs within their province. All DITAs have received two weeks of training by the PITOs and have been supporting district administrations with communications, data collection and maintenance and printing/publishing public announcements. Through the purchase of modems, by the end of 2010 62 districts will go on-line enabling direct communication through internet and access to national websites. By the end of IP3 it is anticipated that PITOs and DITAs will be contracted directly by the SNAs and that a national IT system will greatly enhance all reporting, data collection, communications and capacity development.</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan</p>
5.5	<p>CMDG score card designed, field tested and introduced for 2010-2011 planning cycle</p> <p>Indicator: 900 provincial/district officials/councilors and 8,000 CS councilors/CCWC members oriented to CMDG scorecards and analysis</p>	<p>delivery <i>exceeds</i> plan x</p> <p>Building on the Commune Database-based poverty and CMDGs analysis method that the M&E Unit developed for the Ministry of Planning in 2009, the NCDDS M&E Unit produced 2010 poverty estimates by Commune (CMDG 1) and have produced and distributed an updated Atlas of selected other CMDGs in both Khmer and English. In collaboration between UNDP, NCDDS and Ministry of Interior, a CMDG scorecard was developed for all 1,621 CS reflecting the status of each C/S against each of the CMDGs as well as the comparative standing of each CS in relation to other CS in the District as well as against the national average. The 2010 CMDG Atlas book together with the CMDG score card were field tested and used to train provincial planning and related officials. During the second semester, six regional workshops on how to use the analysis and scorecards for the 2011 planning cycle were organized jointly by the Ministry of Planning, UNDP and the NCDDS M&E Unit reaching nearly 900 provincial and district officials and Councilors. Finally, the CMDG scorecards were presented in a national workshop to the NSWG, LAU staff and Local Administration Advisors from all 24 Capital/Provinces and eventually introduced to all CS Councils as part of the training for CCWCs in September/October reaching over 8,000 local councilors and CCWC members.</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan</p>
5.6	<p>Formative Evaluation and Outcome Monitoring Study completed</p> <p>Indicator: Study completed, report available, decisions taken on recommendations</p>	<p>delivery <i>exceeds</i> plan</p> <p>The formative evaluation and outcome monitoring study conducted in three provinces was completed in February. The study methodology, related technical support and resource requirements were observed to be unsustainable and as such future replication is not feasible without substantial modifications of the study scope and methods. However, tools such as Commune Self Assessment and Citizens' Report Card have proved useful in the identification of areas needing improvements. Based on the draft report, key findings from the study and the follow up perception surveys were released by the NCDDS at a national dissemination seminar on 31 May 2010 attended by a cross section of NCDD Ministries, officials, development partners, NGOs and the media. Analytical products created by the NCDDS M&E Unit for the seminar were: a) "Factors Influencing Local Governance Outcomes – an in depth analysis of the Formative Evaluation and Outcome Monitoring Study data" and b) "Local Governance Index 2008-2009 Trend and Impact of C/S Fund on Local Governance – statistical evidences from NCDDS follow up and baseline surveys on governance indicators and from related databases analysis".</p> <p><u>Methodological and analytical support to UNDP's National Human Development Report (NHDR) project:</u> As part of broader policy and institutional support under PSDD Component 3, the M&E Unit designed Cambodia Human Development Index (HDI) using the Commune Database for the NHDR report. Together with UNDP's technical units and experts, M&E Unit has developed statistical projection model and scenarios using the Commune Database and available temperature and precipitation databases. This model is for projecting socio-economic consequences of climate change in Cambodia.</p>	<p>delivery <i>in line</i> with plan x</p>	<p>delivery <i>below</i> plan</p>
5.7	<p>Establishment of NPDD M&E Baseline Supported</p>	<p>delivery <i>exceeds</i> plan</p> <p>As the IP3 document has only been finalized in November and the M&E framework is still under design, the establishment of a baseline for the national program has had to be deferred to 2011.</p>	<p>delivery <i>in line</i> with plan</p>	<p>delivery <i>below</i> plan x</p>

IV. Project implementation challenges

1. **Prolonged design of IP3 and core aspects of the Regulatory Framework:** The prolonged design of the IP3 document, which was initially meant to be ready for pre-appraisal in September, combined with the delay in finalizing the Sub-National Finance Law and the SNA Planning Guidelines, anticipated by mid-2010, prevented several planned activities in the PSDD 2010 AWPB from being implemented. While PSDD was not responsible for any of the above three design documents, it was planned to: a) have significantly more time to prepare the 2011 AWPB; b) move forward with the training on sub-national finance systems and c) roll out the planning guidelines for all Districts/Municipalities in the second semester of 2010. The assignment of personnel to the Sub-National Administrations was completed by the end of the third quarter, however other than general orientation training on the Organic Law and the NP-SNDD, there was little substantive training that could be delivered. While a reform of this scale and complexity understandably can not be rushed and requires time for consensus, the capacity development that was anticipated to be delivered to the Sub-National Councils was not possible. The delays have led to frustration on the part of the Councils and Administrations.

2. **Future, Present and Past:** With the approval of the National Program, the design of the IP3, the ongoing implementation of the 2010 \$ 93 million NCDD AWPB involving 20 projects and the need to document past experience prior to closure of the PSDD Project in December 2010, the volume and complexity of work within the NCDD Secretariat was extremely complex during the year. As both Government and PSDD accorded highest priority to the future, i.e. the design and preparations for the IP3, there has been some diversion from the ongoing implementation and the documentation of the past. Mitigation efforts involved ensuring that the majority of PSDD staff remained focused on implementation of the 2010 AWPB through management meetings and ongoing correspondence to the provinces. Nevertheless, there is a considerable strain on capacity to cover all three aspects of the work which has been noted by certain DP missions such as the most recent WB Supervision Mission.

3. **Cessation of Incentives:** With very short notice, all incentive payments to civil servants were suspended as of 1 January 2010. In the case of the NCDD D&D framework, this involved approximately 2,500 civil servants at sub-national level and some 100 civil servants at national level losing their incentives, 75% of which had previously been financed by PSDD. Two reports were prepared by PSDD and submitted to UNDP and the DP's on the impact of stopping incentive payments based on surveys in the 24 provinces. While the situation varied across provinces, roughly half of the ExCom staff continued to work full time and the other half only part time or not at all. This has led to a downturn in performance and delivery as reflected in low disbursement rates. To mitigate the effects, Anukret 10 on DSA payments was introduced through an amendment of the NCDD Administration Manual enabling staff that travel frequently to support the CS Councils to cover the costs of their travel. During the second quarter, PSDD worked closely with CAR and NCDD to finalize arrangements for the new POC scheme. While the required documentation was prepared and a willingness to consider application of POC by some donors received, a decision was made in October to preserve funding for 2011 under the IP3 where the POC is expected to be applied.

3. **Future Uncertainty:** In mid-October, the IP3 was far from complete, future support arrangements remained unclear and the time required to both close PSDD and other PSDD-supported projects and complete transition arrangements for the IP3 was rapidly diminishing. The uncertainty amongst PSDD advisors was tangible and the number of resignations increasing. The decision to allow for a three month extension of PSDD advisors to enable time for the NCDD IP3 recruitment process to be completed was announced at a PSDD Staff Congress in late October and prioritized activities to the end of the year agreed on. As a short term mitigation effort it has been successful and the motivation of advisors has remained high in spite of the challenges being faced.

4. **Shortage of Funds for First Six Months of 2011:** The prolonged design of the IP3 has contributed to a lack of clarity on funds availability in 2011. It is understandable that in the absence of an approved IP3 document, financial commitments from development partners are not possible. Nevertheless, without some knowledge of indicative financing in 2011 it is not possible to develop a 2011 AWPB. The agreement between UNDP and Sweden to provide for some continuity in the beginning of 2011 through carry over funds and the response from the development partners to the Deputy Prime Minister's letter of 4 November on indicative resource allocations has mitigated this issue to a certain degree. Nevertheless, there is very little time with which to prepare and agree on the 2011 IP3 AWPB which is partially complicated by the diversity of opinion on how 2011 should be prepared.

V. Financial status and utilization

Table 1: PSDD Contribution Overview: February 2007 to December 2010

Donor	2007	2008	2009	2010	Total
UK/DfID	4,767,875	4,996,548	6,348,019	0	16,112,441
Sweden	3,489,873	5,323,631	7,888,438	10,916,461.90	27,618,404
UNDP	1,875,492.84	2,307,731.20	3,208,217.89	3,011,289	10,402,731
Others				6,653	6,653
Carryover to 2011				1,403,790.10	1,403,790.10
PSDD Total	10,133,241.20	12,627,909.89	17,444,674.50	13,934,403.90	54,611,689.82
NCDD Total	59,167,222	77,937,170	82,508,674	92,269,982	381,883,048
% PSDD	17%	16%	21%	15%	14.5%

Table 2: Annual Expenditure by Budget Line: January to December 2010

No.	Budget Line	Approved Budget		Total	Actual Expenditure		Total	Delivery
		SIDA	UNDP		SIDA	UNDP		
1	District Initiative	890,000		890,000	880,719		880,719	99%
2	Provincial Invest. Fund	580,000		580,000	575,717		575,717	91%
3	Provincial Pro.Supt (ExCom)	3,287,966		3,287,966	2,963,915		2,963,915	90%
4	PSDD Adv. Services Operations	490,000		490,000	463,130		463,130	95%
	Subtotal	5,247,966	-	5,247,966	4,883,481		4,883,481	99%
5	National Ministries	500,000		500,000	483,127		483,127	38%
6	NCDDS Staff Allowance	825,110		825,110	515,545		515,545	80%
7	NCDDS Equipment	290,300		290,300	290,272		290,272	84%
8	NCDDS Consultancies/Studies	632,013		632,013	390,028		390,028	61%
9	NCDDS Operations	676,819	-	676,819	525,734		525,734	74%
	Subtotal	2,924,242	-	2,924,242	2,204,706		2,204,706	75%
	Total NEX Budget	8,172,208	-	8,172,208	7,088,187	-	7,088,187	89%
10	CS Fund	1,500,000	-	1,500,000	1,500,000	-	1,500,000	100%
11	National TA at Provincial Level	1,027,542	1,544,212	2,571,754	1,048,872	1,736,691	2,811,234	109%
12	National TA at National Level	250,000	-	250,000	203,000	-	203,000	45%
13	International TA National Level	30,000	1,064,199	1,094,199	25,661	933,632	959,293	93%
14	Consultancies	480,000	90,000	570,000	269,896	121,508	391,404	56%
15	International travel/missions	74,000				1,345		91%

			-	74,000	61,830		63,175	
16	Local Mission/Travel costs	-	18,500	18,500	4,855	13,186	18,040	98%
17	Audit fees	30,000	-	30,000	-	22,886	22,886	76%
18	Learning Com.IFAD component	-	275,878	275,878	-	164,648	164,648	53%
19	Other costs/Miscellaneous	-	25,153	18,500	-	24,047 *	17,394	96%
20	General Management Costs	756,502		756,502	714,161.04	-	714,152	94%
Total UNDP Budget		4,148,044	3,017,942	7,159,333	3,828,275	3,011,289	6,865,225	98%
Grand Total		12,320,252	3,017,942	15,338,194	10,916,462	3,011,289	13,934,404	91%

*.Included \$6,653 for other source of fund under UNDP budget

Annex I : Summary of 2009 Main Audit Findings and Follow up Actions

Audit of PSDD 2009 Accounts Conducted by PriceWaterhouseCoopers, engaged by UNDP

Areas of PSDD Audit Findings

- Financial Management
- Asset Management
- Taxation
- Human Resource
- Procurement
- General Administration
- Information System
- Reporting

1.1 Financial Management – Qualified Opinion

Qualification of the auditors’ opinion on Cash Balance charged to expenditure and netted off the following year

Mitigations:

- Clear project closing procedures were established and disseminated to concerned staff at the national and sub national level.
- Finance Unit regularly reviews the monthly financial report from the sub-nationals to monitor the level of expenditures and early feedback of any findings for corrective action.
- Regular projection of closing balances.
- Planned early closure of books at the sub national to ensure full transfer of unspent amount at the national level on time.
- Design a Monthly Financial Management narrative report for the Project Director to be proactive in solving any financial issues.
- Capacity building for the Finance Unit staff at the sub national and national level about Project Accounting and Project Financial Management.

1.2 Cash and Bank (Medium Risk) 1 province

- **Finding:** The Provincial Finance Unit Head prepared and certified the payment vouchers.

- **Recommendation:** Duties of preparing and certifying payment vouchers should be done by different people.
- **Follow up actions:** Advised the concerned Unit Head to segregate the two functions which has been followed.

1.3 Wrong Posting to accounts (Medium Risk) 4 provinces

- **Finding:** The Accountant posted some expenses to the wrong account.
- **Recommendation:** Review should be performed with due diligence before posting the transactions into the system and making payments to avoid the wrong classification, inaccuracy and invalidity of expenses.
- **Follow up actions:** Guidance and advices were given to all provinces in order to avoid posting to the wrong account. Capacity building through coaching and meetings followed.

1.4 Payee on Cheque (High Risk) 1 province

- **Findings:** Some cheque payments for fixed assets purchased, were issued in the staff member's name, not the supplier's name and were issued before the supplier's invoice date.
- **Recommendation:** Cheques issued for settlement of goods or services be under the name of the supplier, instead of in the name of the staff member of the Project.
- **Follow up actions:** Direct payment to suppliers has been strictly advised and monitored right after the audit. Established more controls in checking all supporting documents prior to preparation of cheques. Dates on the documents are properly scrutinized to avoid errors and inconsistencies.

1.5 Advance Clearance (Low Risk) 17 provinces

- **Finding:** Non-compliance to Finance Manual that advance must be cleared within 10 working days after the completion of the activities.
- **Recommendation:** The accountant in each province should monitor and ensure that the advance balance by each staff is cleared within the time period as stipulated in the Finance Manual.
- **Follow up actions:** All provinces were advised to strictly follow this recommendation. There are still some incidents of delay but has been significantly minimized. When clearance was delayed, they were advised to obtain acceptable reasons and note on the documents.

2.1 Fixed Asset Management – Qualified Opinion

Finding: Qualification on Opinion with regard to Fixed Assets Management.

Mitigations:

- NCDD Inventory Database (NID) Training was conducted for all users in June 2010.
- A refresher course on NID will be conducted every year in the future.
- Back up system on human resource was established to avoid gaps at workplace in monitoring fixed assets.
- Quarterly update of the Fixed Asset Register report; twice a year physical check and count.
- Replaced all fixed asset tags with improved quality and with the correct information.
- Conduct spot checks regularly to provinces.
- The final fixed asset registers are ready anytime for any Management's decision.
- The Finance Unit now initiates the monthly Reconciliation of fixed assets in the General Ledger and in the NID.
- One Finance Unit staff stands as witness when inspecting and receiving any procured items.
- Inventory officer provides proof of entry in the NID to Finance Unit prior to signing on disbursement papers.
- The current admin manual is now under review for any improvement and that includes fixed asset management policy. Fixed Asset Management Policy includes the Disposal procedure of idle or broken items.

2.2 Vehicle Log Sheets (Medium Risk) 2 provinces

- **Finding:** Control over car log books helps to ensure that cars, the Project's fixed assets, are being used for Project activities, not for private use. However, during our audit we noted that the car log book did not contain important detailed information such as departure and arrival times, the number of kilometres travelled, the purpose of the travel, etc.
- **Recommendation:** Recommended that key information such as departure and arrival times, the number of kilometres driven, the speedometer reading, and the purpose of the travel be indicated in the car log book. The car log book should be maintained and reviewed by an authorised staff person such as someone in the Administration or Accounting Unit.
- **Follow up actions:** The car log sheet was improved and all drivers were advised to fill in the car log sheets properly after travelling. One Admin staff helps in monitoring the log sheets.

3. Taxation (Medium Risk) 24 provinces

- **Finding :** Noted that the Project does not withhold Tax on Salary for its staff and Withholding Tax from the constructor and remit to the General Department of Taxation.
- **Recommendation:** The Project should withhold Tax on Salary and remit it to the General Department of Taxation.
- **Follow up actions:** This issue was discussed with the Tax Dept and the UNDP. UNDP may be exempted from salary tax but taxes on the salaries of NCDD contract staff may be withheld later upon obtaining very clear information from the tax department on issues like taxable salaries regardless of source of fund. Discussions and clarifications are still on-going with the tax department.

4.1 Payroll (Medium Risk) 5 provinces

- **Finding:** Some staff members do not have employment contracts with the Project and no attendance record.
- **Implication:** The lack of an employment contract may lead to unnecessary disputes with the employees concerned. In addition, the Project has no source documents to verify the validity of salary and personal income tax computations (for external audit and revenue investigations).
- **Follow up action:** Immediately after the audit, contracts of these staff members were prepared and signed. There is no more staff without contracts. Attendance of staff is now prepared and monitored.

4.2 Fuel Allowance (Medium Risk) 1 province

- **Finding:** There were no request forms for fuel prepared by Advisors and approved by the Executive Committee.
- **Recommendation:** Request forms for fuel use should be prepared and properly reviewed and approved. The suggested information to be included in the form are the name and signature of the requester, the date of request, the number of litres requested, speedometer reading, purpose of travel, and the name and signature of the reviewer/approver.
- **Follow up actions:** During spot checks and field visits of the Finance Unit, this has been monitored and advised the sub- nationals to follow the recommendation. Result is the positive response of everyone.

5. Procurement (Medium Risk) 2 provinces

- **Finding :** In accordance with the Project's Administration Manual, any purchase of more than US\$300 needs to be supported with at least three quotations. During our audit we noted that this policy is not strictly adhered to. Furthermore, there was not sufficient supplier information, such as phone number and address, when quotations were obtained.
- **Recommendation:** The Project should ensure compliance with the Administration Manual and by obtaining quotations from at least three suppliers with sufficient information and contact details.

- **Follow up actions:** Strict compliance to this has been advised to all offices. After some spot checks, found compliance by the many and a few have forgotten but strong recommendation was given to fully comply with the procurement manual.

6.1 Documentation Management (Medium Risk) 8 provinces

- **Finding:** Certain supporting documents were not available for review such as: invitation list attached in the payments; mission orders for officers from district/commune offices to attend the workshop/trainings; Copy of check ; evidence of attendants receiving allowance; or result of training report. Some are photocopies which are not acceptable.
- **Recommendation** We recommend that all documents such as payment vouchers and all its supporting documents be available for our review to ensure the accuracy, validity and existence of those expenditures.
- **Follow up actions:** Several checks have been made in Phnom Penh and in the provinces in relation to compliance in this finding. So far the result has been satisfactory. Will ensure by year end after the internal pre-audit as planned.

6.2 Documentation Management (Medium Risk) 3 provinces

- **Finding:** A mission order with a standard format with ready copied signature was in place with a blank space to fill the date and name of people. After the stamp was made using the copied signature, the mission order was considered valid.
- **Recommendation** The practice of ready-copied signature on a mission order should not be allowed. Mission orders should be approved with an original authorized signature when required.
- **Follow up actions:** In order to avoid confusion on the originality of signature, everybody was advised to use blue ink in signing documents and if it appears copied, the documents should be properly noted about the location of the original signed document. The above finding was informed and advised to stop using the mission order as described in the finding.

7. Travel Costs (Medium Risk) 4 provinces

- **Finding:** There was no allowance rate for travel and there was no estimation of the travel distance between operational locations from the centre of the province to communes and from one commune to another.
- **Recommendation:** An allowance rate for travel be established and that an estimation of the travel distances between operational locations be prepared to avoid unreasonable charges and conflicts between staff.
- **Follow up actions:** The new DSA policy and standard charges on transport has been approved effective March 10, 2010. Every province has the list of standard transport rate from and to destinations approved by the ExCom and shared at the national level. National level applies the list of standard rate used by DOLA.

8. Information Technology General Control (Medium Risk) 26 provinces

- **Finding:** The Project does not have overall IT security policies, procedures and guidelines.
- **Recommendation:** The Project implements a stringent overall IT security policy, which should involve policies governing network and IT infrastructure.
- **Follow up actions:** The hiring of IT officers was completed in March 2010. A consultant was hired who conducted IT Training and to prepare the IT policy for NCDD. Target completion date is in late November 2010.

9. Late Reporting (Low Risk) 7 provinces

- **Finding:** Quarterly and Annual Progress Reports were submitted late to NCDD. According to the approved NCDD Finance Manual, each province is required to submit their monthly reports to NCDD within 10 working days after the end of each month; quarterly reports due within 15 working days after the end of each quarter; and annual reports due within two months after the year-end date.
- **Recommendation:** Each province should prepare and submit the report to NCDD on time per NCDD Finance Manual.

- **Follow up action:** All provinces were reminded of their compliance to the NCDD Finance Manual resulted to early submission of their reports in 2010 except for the delay on the first quarter due to series of discussions about DSA and approval of the Gov Contract AWPB per province.

Annex II : Summary of Training Record as of September 2010

No	Subjects	Participants			Supported By
		Total	Female	% Female	
I. Within NCDD Capacity Development Plan					
1	Legal documents to support OL implementation for CP-MDK councilors and BoG and Government Officials	1,076	49	5%	PSDD
2	Integration structure and personnel from existing to new Structure	103	4	4%	PSDD
3	Refresher training on CIP	4,732	712	15%	PSDD
4	Leadership for Commune/Sangkat	8,658	1,443	17%	PSDD
5	Refresher training on DIP	459	93	20%	PSDD
6	PIM refresher training	1,532	264	17%	PSDD
7	Population, Reproductive Health, Genders and Youth Issues	381	162	43%	UNFPA
8	Refresher training on Safeguard	2,417	421	17%	WB/PSDD
9	Refresher Training on Commune/Sangkat Administration and Finance	101	12	12%	PSDD
10	District Data book	3,632	466	13%	PSDD
11	Refresher training on ICC Project Implementation	448	116	26%	DDLG
12	Training on monitoring and evaluation for CAU	98	21	21%	PSDD
13	Principle and technical standard for commune fund implementation - Infrastructure	39	-	0%	PSDD/WB
14	Community Organizing	168	41	24%	TSSL
15	NRML project contract management	1,781	335	19%	NRML
16	Refreshers on Commune's NRML-project feasibility study	140	25	18%	NRML
17	Roles, Duties and Working Procedure of CP-MDK administration (SNA)	74	8	11%	PSDD
18	Project Generator, small scale irrigation	15	-	0%	PSDD/WB
19	CS Actions on Social Development	180	50	28%	PSDD & UNICEF
20	Concepts of Development for CS	984	180	18%	PSDD
Sub-total		27,018	4,402	16%	
II. Outside NCDD Capacity Development Plan					
21	Refresher Training on Commune/Sangkat Decentralization Management	1,098	237	22%	PSDD
22	Training on CS activities in child protection and child right	62	17	27%	PSDD
23	Workshop Orientation on CCWC Function Implementation 082	1,972	519	26%	PSDD
24	Dissemination on best practice program, CS and CSO Awards	105	13	12%	PSDD
25	Forum on Local Women Leaders	121	33	27%	PSDD
26	National Leagues for CS, sharing Experience	108	39	36%	GTZ
27	Facilitation skills for DoLA staff	19	7	37%	PSDD
28	CS finance management for DoLA staff	38	8	21%	PSDD
29	Cooperacy for DoLA management	21	-	0%	PSDD
30	Khmer Unicode for DoLA staff	56	11	20%	PSDD
31	Study tour on CCWC activities in UNICEF/Seth Koma targeted Provinces	68	20	29%	PSDD/UNICEF
Sub-total		3,668	904	25%	
Grand Total		30,686	5,306	17%	