Executive Summary:

Chapter One: Introduction
In response to the TORs for this mission, this report provides a final evaluation of the Project to Support Democratic Development through Decentralization and Deconcentration (PSDD) and “recommendations for the future based on lessons learned from the implementation of the project”. The evaluation was carried out by a team of four people during the period September to October 2010.

Chapter Two: The policy and institutional environment

The policy agenda. The government’s agenda for democratic development has slowly evolved over the years from a highly centralised state to more assertive support for local government authority. Commune Councils were established in 2001 under the Law on Administrative Management of the Communes / Sangkats, along with the National Committee for Support to the Commune / Sangkat (NCSC), and the first elections were held the following year. In June 2005 the Council of Ministers approved The Strategic Framework for Decentralization and Deconcentration Reforms and in August 2006 the National Committee for the Management of Decentralization and Deconcentration (the first NCDD) was establishment to replace the NCSC. In May 2008, parliament enacted the Law on Administrative Management of Capital, Province, Municipality, District and Khan (referred to as OL2), which provides the legal basis for the establishment of district and provincial councils, and elections were held in May 2009. The law also established the National Committee for Democratic Development at the Sub-National level to replace the previous NCDD. To implement the OL2, the new NCDD earlier this year launched a ten year National Programme for Sub-national Democratic Development (NP-SNDD), and work is under way to design an plan for the first three years (2011-2013) referred to as IP3. Key tasks will be to resolve issues related to the transfer of functions from central ministries to the new Sub-National Administrations (SNAs) and sources of funding to allow them to undertake their new responsibilities.

Support from UNDP. Throughout the evolution of government policy from the mid 1990s to the present day, UNDP has been seen as the lead agency in coordinating support from numerous Development Partners (DPs) to assist the RGC in formulating and implementing policies for democratic development and government decentralization and deconcentration. This started in 1997 with CARERE2, which supported the government’s Seila programme, and was followed in 2001 by the Partnership for Local Government (PLG) project, which was tasked mainly with assisting the government in implementing the Law on Administrative Management of the Commune/Sangkat (OL1) and replicating the project to all other provinces. Later, PLG launched the District Initiative (DI), which aims to provide closer support to the Commune Councils. The PSDD project followed PLG in February 2007 and is due to terminate at the end of this year (2010). PSDD has had three main tasks: to consolidate earlier progress and refine systems and procedures for service delivery; to continue coordination and support
for an increasing number of DP projects at the sub-national level; and to support the implementation of the OL2.

**PSDD partners.** The broad reach of PSDD is underlined by the number and variety of partners that collaborate with the project. The project is currently supports more than a dozen projects for sub-national level development funded by DPs, and provides limited funding and some technical assistance to all central government ministries and agencies that are members of the NCDD, chiefly DoLA in the MOI. Line departments of these ministries at the provincial level and their offices at the district level also receive funds from the ExCom through the Provincial Investment Fund (PIF). Among the most numerous PSDD partners are the commune councils, which have been the main focus of technical support since they were created. Even larger in number are the many NGOs and CBOs that have collaborated with the ExComs in implementing a great variety of small projects with support from PSDD.

**External events impacting PSDD.** Since PSDD started in 2007, several events have occurred which have had an important bearing on the implementation of the project. Important gaps in the OL2 have made it difficult for PSDD to make much headway in integrating structures and procedures developed for the PRDC and the ExCom into the new administrations. Weak leadership from UNDP on policy matters related to democratic development left PSDD without clear guidance in supporting implementation of the OL2. The government’s decision to cancel salary supplements for all government staff working on DP projects after 2009 undermined their motivation and commitment in collaborating with PSDD, particularly at the subnational level. The decision by DFID in 2009 to withdraw from Cambodia following a change in country priorities left PSDD with a major shortfall in core funding for 2010.

**Chapter Three: Project design**

The PSDD project document was apparently prepared in a hurry to enable the project to be launched in February 2007 and required revisions to the logframe which were completed a year later. As stated in the logframe, the outputs to be produced include:

Cambodian-owned sub-national structure agreed and in place, that promotes voice, responsiveness, delivery capability and accountability.

1. Planning, finance, implementation and monitoring systems in place and integrated into new national structures and systems.
2. Investment funds delivered through mechanisms that promote accountability (i.e. on-budget) and which enable debate (i.e. largely discretionary in nature to allow choice).
3. Aid effectiveness mechanisms in place.

Based on the project document, PSDD appears to have been conceived more or less as an extension of PLG, without sufficient recognition of the major potential ramifications of new legislation that the government was discussing at the time. Although the revised logframe was intended to fill gaps in the project document, it resulted in creating greater confusion by failing to make a clear distinction between the tasks of PSDD and the NCDD. As it stands, the logframe is only marginally useful as a management tool for implementing PSDD. Instead, it serves primarily as tool to report on progress in implementing the OL2 and NCDD’s agenda in supporting it. Despite intentions expressed in the project document to conduct a formal reappraisal of PSDD’s role following the enactment of OL2, neither the project document nor the logframe have since been revised, nor have the conclusions from any such appraisal been
formally recorded. The combination of a weak project document and a misleading logframe have left PSDD in an ambiguous position and exposed it to criticisms about the lack of support for the government’s policy agenda. In retrospect, UNDP would have been better advised to expand and greatly strengthen a unit within PSDD to support the government’s policy agenda related to OL2 or possibly to launch a separate project for the purpose.

Chapter Four: Project management and implementation

The implementation framework. The framework constructed by PSDD and its predecessors for the purpose of delivering public services has been one of the key instruments contributing to its success. An important element of this framework has been the Provincial Rural Development Committee (PRDC) and its Executive Committee (ExCom). By providing strong links between the government at the national level and the Commune Councils at the community level, the ExComs serve as a highly effective mechanism for coordinating the delivery of public infrastructure and services to Cambodians across the country. In doing so, PSDD has been able to attract and mobilise substantial donor funding for a wide range of projects designed to promote local development. However, with the exception of the MOI and MAFF, there has been relatively limited collaboration between PSDD and central government ministries that are members of the NCDD. Stronger collaboration with these ministries would have helped to prepare the way for implementing the OL2. Criticisms that PSDD and its predecessors created a parallel structure to government at the sub-national level are misplaced, since until recently there has been no parallel government structure in place that was legally authorised to perform the functions of the PRDC and the ExCom.

Staffing. PSDD’s strategy in staffing the project relies as far as possible on government personnel supported by a cadre of technical advisors (TAs) and key management staff. As part of the strategy to improve the skills of government staff, PSDD relies on a combination of mentoring, coaching and facilitation, and at the sub-national level on the extensive training of trainers (ToT). The technical support provided by PSDD TAs is clearly crucial in keeping the whole machinery running for the delivery of projects and services at the sub-national level. Some have criticized the limited technical expertise of TAs in some fields, but this probably reflects the difficulty of recruiting staff with such expertise, particularly in more remote locations. Others have expressed concern about the large number of TAs working on the project, but we think this is well justified, since they also support many DP funded projects, which accelerates start-up and contributes to more efficient use of their funds. At the sub-national level, the cost of TAs represents only 4% of the total resources transferred to SNAs through the ExCom, which represents a highly costeffective use of resources.

Planning and budgeting. PSDD has concentrated on refining and updating procedures and systems for project management in anticipation of mainstreaming them into the new SNAs. At the district level, the District Integration Workshop (DIW) has proven to be a highly effective mechanism for coordination between government and suppliers of non-infrastructure services at the local level and a model that merits replication in other countries. The availability of resources from DPs determines the allocation of funds to meet obligations for the NCDD and its Secretariat, annual contracts with central government line ministries, support for ExComs and contributions to the C/S Fund, the DIF and the PIF. PSDD has been the only source of additional financing for the C/S Fund since its establishment in 2002, while the World Bank since 2003 has reimbursed government for eligible expenditures. Although the participation of women in the local planning process has increased substantially, active
participation at later stages has been much lower. The laborious process introduced by the World Bank related to the prior review of project designs and safeguard mechanisms has caused delays in the tendering process and implementation.

Financial administration. The intention behind the procedures and systems of financial administration is to increase accountability, transparency, efficiency and effectiveness at all levels of government. The annual budget for PSDD rose from USD 10.0 million in 2007 to USD 17.3 million in 2009, before falling back to USD 16.0 million after the withdrawal of DFID. After years of cumulative experience, no major delays have occurred in the transfer of donor funds to UNDP and from UNDP to PSDD and the NCDD Secretariat. Although much improved, sub-national government units still rely heavily on TAs attached to the ExCom for help with financial management. Periodic audits have reported no significant cases of misappropriating funds. Informants noted a lack of quality assurance during the process of appointing accountants by the MEF and provincial line departments. Financial and accounting capabilities in the Provincial Treasuries are considered low, indicating the need for further training.

Monitoring and evaluation. The PSDD M&E system is intended to measure progress in implementing workplans, ensure the timely delivery of project outputs, provide information for future plans. Information is stored in four databases, which are designed to be accessible to stakeholders. These cover C/S socio-economic profiles, C/S plans and temporary agreements arranged through the DIWs, information on project implementation, and records of all contracts entered into by the Commune Councils. Government staff at all levels perceive M&E as mainly a tool only for reporting purposes but not for planning, and have weak skills in data analysis, report writing (especially in English) and evaluation. In anticipation of information needs under the NP-SNDD, PSDD recently commissioned a study with recommendations on the design of a user friendly MIS that consolidates information from all four NCDD databases.

Chapter Five: Project Impact and Outcomes

Main achievements. Much confusion has arisen over of what PSDD was expected to do in support of the government’s policy agenda for democratic development and the implementation of OL2. The notion that PSDD should take on support for policy formulation was unrealistic from the start, given the complexity of the issues involved and the extensive agenda for which it was already responsible. Instead, PSDD has provided substantial support for implementation of OL2, including among other things: The establishment of the current NCDD and its Secretariat; The expansion of the District Initiative to test mechanisms for potential adoption by District Councils; DOLA in conducting a nationwide orientation programme for government staff on the scope and content of the OL2; NCDD on drafting legal documents related to the OL2 and supporting guidelines; and NCDD in designing a training programme and guidelines for government staff in anticipation of regulations soon to be issued on sub-national planning and budgeting.

In terms of systems and procedures, PSDD has continually updated and revised manuals and guidelines governing the procedures to be applied at the sub-national level, including the PIM, which now incorporates a section for non-infrastructure projects. While all these procedures and requirements are well intentioned, there has been little discussion of the important trade-offs involved between quality of performance, commune dependency on technical support, and longer term sustainability.
Elsewhere, big improvements have been made to systems for M&E and management information and government’s accountability to their constituents. In terms of investment and delivery of services, PSDD’s proven methods have attracted growing investment from government and DPs for sub-national development, rising from USD 48.8 million in 2007 to USD 77.4 million in 2010. Although little recognised, the government relies heavily on support from PSDD to Commune Councils for managing and reporting on the use of C/S funds. While both the Commune Councils and the districts under the DI spend most of their funds on infrastructure projects, they implement a far larger number of non-infrastructure projects, which in the case of districts has amounted to 76% of the total. Most funding for the PIF has been in the form of discretionary grants which allow flexibility in deciding how to use them.

To improve the effectiveness of assistance received from DPs, PSDD has arranged periodic audits of DP projects under the NCDD, recruited gender specialists, and supported meetings of the Joint TWG on D&D. This met only once in 2007 but three or four times a year since then.

**Impact on potential beneficiaries.** PSDD has coordinated and supported pro-poor development projects executed by other agencies. Under the World Bank’s RILG project, the construction of rural roads has improved access for many settlements, while UNICEF’s Seth Koma programme has expanded child immunizations, raised enrolments in primary school, and increased household access to safe drinking water. Sustained support from IFAD’s Rural Poverty Reduction Project has helped to raise agricultural productivity, enabling many farmers to produce surpluses for sale in local markets. Better rural roads have made it easier for those living in more remote locations to access health centres and other services, while several projects have delivered services directly to many people who previously were unable to obtain them. Awareness campaigns have also helped to provide information and enhance people’s knowledge and understanding of many issues, such as personal hygiene, domestic violence and natural resource management.

Research conducted by PSDD’s M&E unit indicates a general improvement in the quality of services as measured by people’s perceptions of the performance of Commune Councils. Compared with a baseline survey conducted in 2008, people perceive improvements in councils’ accountability, transparency and responsiveness to priority concerns, while the number of recorded complaints has fallen. Greater attention is being paid to the needs of marginalised groups. Women have increased their participation in the commune development process and benefited from development projects. The poor have benefited from membership in groups that encourage savings and promote income-generating activities.

**Capacity development.** PSDD’s strategy for capacity development has entailed building institutional structures, developing operational systems and procedures, and improving people’s knowledge and skills. Under PSDD, institution building has included the establishment of Commune Committees for Women and Children (CCWC), and expansion of the District Initiative project to more than half the districts in the country. With the passage of OL2, PSDD has also been closely involved in helping to launch the NCDD, its Secretariat and related units and task forces. The development of operational systems and procedures has steadily evolved to cover an growing range of activities, mainly at the commune level. Human resource development has focused on training, guidelines, manuals, on-site technical support and most importantly learning by doing. The scale and extent of PSDD’s training
activities has been gigantic, covering 314,000 participants in 2009 alone, of whom 40% were women.

Compared with the situation earlier, there is no question that PSDD and its predecessors have substantially strengthened capacity among government units, especially at the sub-national level, and also among community based organisations, local construction firms and many other non-government service providers. The performance of the ExCom and the effectiveness of the systems used for delivering services at the sub-national level have been widely praised and acknowledged by government, DPs and others. At the national level, PSDD can point to a job well done in helping the NCDD and its Secretariat to become operational in a period of only a few months. The effectiveness of the massive training activities is harder to judge, though the numbers are certainly impressive. Preliminary results from an assessment of ExCom units indicate that capacity has generally improved but is undermined by staff turnover. Commune chiefs spoke knowledgeably about aspects of the planning and implementation process, clearly the result of learning by doing.

**Gender mainstreaming.** The results achieved directly and indirectly as a result of PSDD’s gender mainstreaming strategy are many and various. Legislation was enacted to authorise C/S councils to establish Women and Children Committees (CCWCs), which are now operating throughout the country. The OL2 stipulates that the new district and provincial councils should include similar committees. National and international gender experts are being recruited to guide work mainly at the subnational level. Further innovations and proposals for gender mainstreaming are now being planned under the new 10-year National Program for Sub-National Democratic Development. Funding for the MWA has been used to support gender mainstreaming, maintenance of gender disaggregated data in data bases, ongoing advocacy to ensure women participate in planning processes and representation on decision making bodies. Funding for IFAD agriculture projects and the MDLF NRML programme has also been used to promote gender mainstreaming and gender networks in all provinces. The most popular topics for training and awareness building at the commune level have been gender mainstreaming, prevention of domestic violence, prevention of trafficking of women and children and training for the CCWCs. Initiatives have been undertaken to assist women to establish incomegenerating activities. Evidence suggests that discrimination has been reduced in the recruitment and promotion of government staff, and that more women are being appointed as deputy governors or heads of government departments.

**Sustainability of innovations.** The sustainability of PSDD innovations is a critical consideration now that the rules of the game have changed radically with the creation of new SNAs. The Provincial Council might play the role of the PRDC, but its composition is limited only to members of the council. MOI has issued a regulation to enable the Technical Facilitation Committee of the Provincial Council to replace the ExCom. However, plans for integrated regional development produced by this committee would have to be approved by the provincial council, which may be perceived as interfering with the authority of the commune and district councils.

The prospect for mainstreaming PSDD systems and procedures looks more promising, since most of them have in the past been developed in close collaboration with government and would need little modification for use by the new councils. A more rigorously as they have been up until now, given the extensive need for continuing technical assistance. We believe
procedures need to be radically simplified in line with the capability of commune staff in order to be more sustainable. However, long years of capacity building among the many people who have worked with the ExCom at one time or another have endowed the country with an extensive network of “alumni”, who are familiar with these systems and procedures and who now hold many positions as members or staff of the new councils.

**Chapter Six: Recommendations**

In light of our findings, the Evaluation Team makes the following recommendations for immediate action.

UNDP must ensure that the current machinery developed by PSDD and predecessor projects for delivering projects and services to the sub-national level is kept running without interruption after 31 December 2010. This is vital for all concerned, most importantly to assist Commune Councils in preparing plans and budgets for the use of allocations from the C/S Fund. UNDP cannot risk the collapse of a system they have spent 15 years developing.

**UNDP should do this by extending PSDD** (under this or any other name) **by at least six months and preferably one year until the end of 2011.** This is the only practical option given the short time remaining until the end of the year.

**UNDP should immediately inform the RGC, DPs and all others involved that it is their intention to extend PSDD.** This is important to alert staff and avoid loss of personnel, and to allow as much time as possible to mobilise funds for 2011 and prepare AWPBs.

UNDP should immediately review the availability of TRAC funds for an extension and decide how much to allocate for the extension of PSDD. Others will need this information to start preparing AWPBs.

**If they haven’t already done so, UNDP should immediately seek funding from DPs for this purpose, particularly Sida.** Their representative expressed strong concern about the prospect of PSDD terminating at the end of 2010. Sida apparently may be able to mobilise funds for continuing activities in 2011.

**UNDP should immediately enter into discussions with the RGC to arrange the extension of the project.** The NCDD Secretariat will need to know as soon as possible in order to adjust their AWBP for 2011.

The NCDD Secretariat and PSDD should prepare AWPBs for 2011 for both PSDD and the Secretariat as soon as possible taking into account funds already confirmed and adjust plans as additional funding is confirmed. It’s already late in the year to prepare AWPBs for 2011, but this must be done in order to minimise disruptions, especially for the Commune Councils and districts included in the DI.
**Lesson Learned:**

Long term technical assistance since Carere2 has provided the RGC and the people a substantial “learning by doing” process that has slowly institutionalized policies, systems, and positive working culture amongst government agencies and staff.

Flexibility in project financing that allowed the users of PSDD funds to switch between recurrent and investment as well as between infrastructure and noninfrastructure projects has resulted in smooth project implementation.

Bottom-up planning and budgeting that has been nurtured since Carere2 has become standard practice for Commune Councils.

However, DPs’ confidence in government funding mechanism is still low especially in financial administration. This is reflected in the unwillingness of DPs to channel their funds through on-budget mechanism. With the exception of the PSDD contribution to the C/S Fund, the only on budget project is RILG funded by the World Bank through post facto reimbursement.

Despite this, DPS are still strongly committed to the democratic development agenda and are willing to continue future financial support. With PSDD project management systems slowly being adopted by provincial governments, more accountable, transparent, effective and efficient governance are being built up.