



FINAL PROJECT EVALUATION

by using: Special Programme Implementation Review (SPIRE) approach

INNOVATIONS for DECENTRALIZATION and LOCAL DEVELOPMENT (IDLD)

CAMBODIA

Approved Final Report

January 2012

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**FINAL PROJECT EVALUATION: Innovations for Decentralization and Local Development
(IDLD), Cambodia**

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BASIC GEOGRAPHIC and DEMOGRAPHIC DATA – CAMBODIA

Cambodia is located at the center of the Greater Mekong sub-region, with a total land area of 176,520 km². As of 2009, the country has a population size of approximately 13.9 million and hence a population density of some 78 persons per square kilometer.

Administratively, Cambodia is divided in 23 Provinces (*Khaet*) and the capital city of Phnom Penh. Provinces are further subdivided into 159 districts (*srōk*) and 26 municipalities (*krong*). Districts are divided into communes (*khum*) and quarters (*sangkat*), and then further divided into villages (*phum*). The municipalities are divided into quarters (*sangkat*), which are themselves a group of villages (*phum*), further divided into groups (*krom*). Phnom Penh is divided into sections (*khan*), which are divided into quarters (*sangkat*), further divided into villages (*phum*).

Article 126 of the Constitution (1993) stipulates that Cambodia has three main tiers of sub-national administration : (i) the capital and provinces, (ii) districts, municipalities and *khan* (DMK), and (iii) communes and *sangkats*. A district is in rural areas, whereas a municipality and *khan* are urban. Similarly, a commune is a rural area, whereas the *sangkat* is an urban commune. Among these three tiers, only the commune/*sangkat* has a popularly elected council. The Organic Law, which was passed in 2008, provides further that the capital/provincial and DMK level have an indirectly elected council (i.e. they are elected by commune councilors) and a Board of Governors, which are appointed by the central government, i.e. the Prime Minister.

At the capital/provincial level, there are usually more than 25 line technical departments operating as de-concentrated agencies of line ministries. Only a few of these line departments (e.g. education, health, and rural development) have offices at the DMK level. The Organic Law states that these line technical departments and offices need to coordinate with their respective councils and Board of Governor in their planning and development works. However, it is not clear how this would work within the new concept of a unified administration at SNA. At the commune, only one civil servant (i.e. the clerk) is formally appointed to assist the council in their administrative and developmental works.

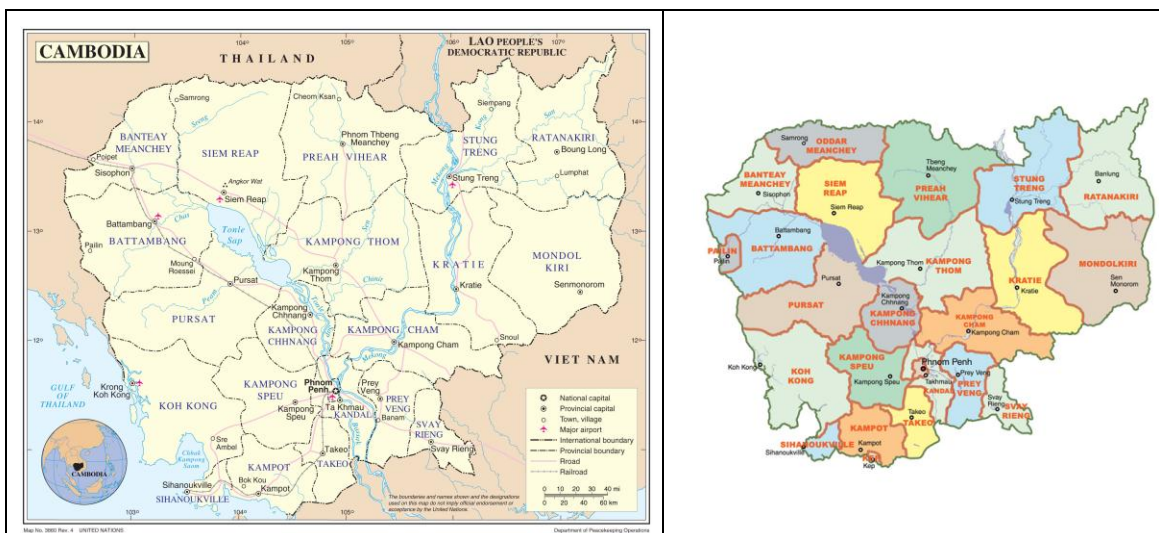
The D&D reform in the last 5 years has put increasing focus on the DMK level, expecting that it will become the core level for delivering public services at the local level. In this new arrangement, the Law is also explicit that the district shall be accountable to the communes¹, whereas in urban areas, the *sangkat* is explicitly placed under the management of a municipality, which then delegates functions and responsibilities to them to ensure local development and democracy².

The IDLD project was set to focus on working for/with/in rural Districts and Communes (ProDoc).

Map 1 : Cambodia	Map 2 : Cambodia by Province
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¹ Article 98 of the OL

² Articles 111, 112, and 244 of the OL



PROGRAMME DATA SHEET

PROJECT NAME and REFERENCES

Country:	Cambodia
Programme Title (long)	<i>Innovations for Decentralization and Local Development</i>
Programme Title (short)	IDLD
Award ID	00048560
Project Number	00058767

Financial Breakdown of commitments (by donor)

Source	Currency	Amount
UNCDF	USD	1,551,165
UNDP	USD	-
Government of Cambodia	USD	-
TOTAL	USD	1,551,165

Delivery to date (per donor), in USD

Source	2008	2009	2010	2011	TOTAL ^{*)}
UNCDF	169,260	454,821	497,461	287,368	1,408,910
TOTAL					

*) as per the date of 31/12/2011

Total project budget:	USD 2,051,165 of which USD 0.5 M remained unfunded
Available budget	USD 1,551,165

PROJECT DETAILS

Executing/ Implementing Agency	NCDD-S
Key Project Partners	RGC, UNDP and other DPs funding PSDD/D&D
Approval Date of Project	May 2008
Project Duration	24 Months : From 01 July 2008 to 30 June 2010 Several times extended for a total period of 46 months, up to end of April 2012
Project Amendment	-
Evaluation Date	November 2011

OTHER KEY DATA

Other current UNCDF projects	IDLD is presently the only UNCDF project in Cambodia
Previous UNCDF projects	<ul style="list-style-type: none">• Cambodia Local Development Fund (1995 – 1999)• Fiscal Decentralization Support Project (FDSP 2005 - 2007)
Previous evaluations	<ul style="list-style-type: none">• Cambodia Local Development Fund Final evaluation 1999• FDSP evaluation – June 2007
Dates of audits	The one and only audit is due for early 2012

Evaluation Date: : November 2011

Composition of Evaluation Team:

Team Leader – International : Gerhard VAN 'T LAND
Team Member – National/Regional : Kimchoeun PAK

ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
CCCA	Cambodia Climate Change Alliance
CDRI	Cambodia Development Research Institute
CSF	Commune/ <i>Sangkat</i> Fund
D&D	Decentralization and De-concentration
DFID	Department for International Development
DI	District Initiative
DMF	District/Municipal Fund
DMK	District / Municipality / <i>Khan</i>
DP	Development Partner
FAO	Food and Agricultural Organization
FD	Fiscal Decentralization
FDA	Fiscal Decentralization Advisor
FDSP	Fiscal Decentralization Support Project
IDLD	Innovations for Decentralization and Local Development
ISD	Infrastructure Service Delivery
LDF	Local Development Fund
LDP	Local Development Project
LDCs	Least Developed Countries
LG	Local Government
LED	Local Economic Development
MDG	Millennium Development Goal
M&E	Monitoring and Evaluation
MoE	Ministry of Environment
MEF	Ministry of Economy and Finance
NCDD	National Committee for Democratic Development
NCDD-S	National Committee for Democratic Development - Secretariat
NP	National Program
NRM	Natural Resource Management
OL	Organic Law (Law on Administrative Management of SNAs)
PBA	Programme Based Approach
PLG	Partnership for Local Governance project
PMA	Programme Management Advisor
ProDoc	Project Document
PSDD	Program Support for Democratic Development
RGC	Royal Government of Cambodia
RO	Regional Office
SPIRE	Special Programme Implementation Review
SN	Sub-National
SNA	Sub National Administration
SNDD	Sub-National Democratic Development
SIDA	Swedish International Development Agency
STF	<i>Seila</i> Task Force Secretariat
TA	Technical Advisor
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
USD	United States Dollar
UNESCO	United Nations Educational, Scientific and Cultural Organization

EXECUTIVE SUMMARY

Project environment and project design: The UNCDF funded project entitled *Innovations for Decentralization and Local development (IDL)* that became operational in the second half of 2008, and that officially runs till April 2012, follows in the footsteps of earlier UNCDF supported projects such as the very influential project (from 1995-99) that introduced the *Local Development Fund* – later replicated and still existing national wide as the Commune/Sangkat Fund; and the *Fiscal Decentralization Support Project (FDSP)* (2005-07), situated in the Ministry of Finance, that was probably a little bit ahead of its time, and hence a little less effective than it could have been.

The Project Document (ProDoc) for the IDL was prepared in 2007/08, in the slipstream of the FDSP and at a time the *Organic Law*, detailing the functions, the organizational structures and the intergovernmental relationships between the various levels of Sub National Authorities (SNAs) had been under preparation (and vividly anticipated) for quite a while. In that context, the IDL ProDoc was largely based on the premise to pilot (or test) various arrangements, including sub national accountability arrangements and sector decentralization, the lessons of which would further inform the shaping up of the *Organic Law*. By the time the ProDoc was formally signed, however, in May 2008, the Organic Law had –quite un-expectedly just been passed.

Given these changed circumstances, the project management, when taking up the project, immediately embarked on a revision of the original ProDoc and the Annual Work-plan 2009/10, which *de facto* became the new project document, gave much less prominence to testing and piloting, focused –as far as planning and fiscal decentralization were concerned– on the drafting of laws and guidelines while, importantly, the production of a *Cambodia Local Development Outlook* was added.

Relevance of Project design : Given the fact that many of the questions to which the original ProDoc was seeking to contribute in finding answers are still relevant to-date (fiscal decentralization and functional assignments are still top of the agenda), the evaluation concludes that *the original project design was highly relevant*. In retrospect, the deviations decided upon under the AWPB 2009/10 were bigger than justified or needed given the changes in the circumstances; Obviously, after the passing of the *Organic Law*, the activities needed tweaking, but not necessarily scrapping. In fact, and with the benefit of hindsight, had the project stayed closer to the spirit of the original set of activities, UNCDF would by now be better positioned for the current debate on functional assignments and fiscal decentralization.

Project achievements: Probably one of the most important achievements of the IDL is that with a relatively small budget (USD 1.55 M) it secured a ‘foot on the ground of UNCDF’ for a period of almost 4 years, in which the concept of a *Local Development Outlook*, as a ‘new product’ for UNCDF was tested and piloted, whilst at the same time the IDL can also be credited for a few concrete contributions to the D&D agenda such as the production of a planning decree and various planning guidelines and a *Sub National Finance Law*. The achievements of the project thereby lie in its contribution to the content but even more in the fact that the documents were (finally) approved and adopted. Given, however, the limited scale of actual fiscal decentralization thus far, the practical influence and impact of the documents has been limited to-date, but are expected to become useful for the next step of the reform which is presently unfolding.

Project Management / Quality of implementation: The project team, composed of an international Chief Technical Advisor and a Cambodian Fiscal Decentralization specialist, were a good tandem with complementary skillsets and networks, and highly appreciated amongst colleagues. The CTA thereby had different hats, being those of, firstly, advisor to Government; secondly, that of being a member of the community of Development Partners dealing with D&D, and thirdly, being the UNCDF representative with some corporate responsibilities. The CTA was very good in the balancing act between the roles, whereby, however, *de facto* the prominence seemed to have been on the latter two roles – which was in a way mutually reinforced by the emphasis placed on the production of the *Local Development Outlook*, - presented as a UNCDF publication- hence the relevance of which was more pertinent for UNCDF than for RGC.

Sustainability of results: The results of the IDLD with regards to the legal frameworks (planning and finance) are sustainable, provided the D&D reforms continue, and it may be expected that the quality of the documents will incrementally evolve over the years to come. The *Cambodia Local Development Outlook* was very much a one-off exercise, the longer-term sustainability of which would largely lie outside Cambodia. The Provincial (or more in general Sub national) Local Development Outlooks –as the one produced for *Takeo province*, could become sustainable and gain relevance if they become embedded in national (or local) planning routines; are prepared with explicit involvement of Sub national players with *process* being considered equally important next to the *product*; and when a clear distinction is made between area-based plans and SNA-plans for activities those SNAs are mandated.

UNCDF corporate: UNCDF as organization is appreciated by Government and the (other) Development Partners alike, notably for the quality of people that were deployed over the course of the years (dating back to the period of the LDF up to IDLD). However, the in-country partners of UNCDF (again Government and DPs alike), are –in their perception- left guessing on the comparative advantage that UNCDF has to offer and/or the niche that UNCDF seeks to fill.

Main Conclusions and Recommendations:

Conclusion / recommendation 1: UNCDF has had a long and mutually beneficial relationship with the RGC, and for both parties it would make sense to further capitalize on this relationship whereby UNCDF would best make explicit niches for which it has (or seeks) a competitive advantage. Based on the experiences of IDLD, such niches would be '*Local modeling for 'systems development to lead to policy development'* and subsequent up-scaling'. This could include Local Climate Change adaptation and/or its knowledge base on (sub-national) planning and fiscal decentralization.

Conclusion / recommendation 2: Based on the ideas behind the original IDLD design, the unfinished business, the corporates niches as mentioned and the needs for the D&D reform, there is scope within IP3, to work out modeling exercises and prepare for subsequent up-scaling- in the following areas :

- Area and/or sector based modeling of functions and funding of DMKs (notably districts) under their general mandate;
- Modeling intergovernmental relationships across SNA-tiers, in particular in relation to planning;

- Take the *SN-outlook approach* to the next step as part of SN planning (from *vision to investment/service delivery plan*) for different SNA-tiers within their present and likely future mandates – and have it rolled-out.

Chapter 1: Background to the Evaluation

1.1 Framework of the Evaluation

In the second half of the 1990s, UNCDF piloted systems of discretionary fiscal transfers to lower levels of government, in a number of countries, including Cambodia. These were later replicated in various countries, using both Government and Donor –including important sums of World Bank-funding. In Cambodia, the pilots led, amongst others, to the establishment of the Commune/*Sangkat* Fund (CSF), institutionalized by law in 2002, and which exists up to today, and which are an important part of the financial resources of communes provided by Government.³

After the Local Development Fund project –that later became part and parcel of SEILA-, UNCDF supported the Royal Government of Cambodia (RGC) from 2005 to 2007 through the Fiscal Decentralization Support Project (FDSP), housed in the Ministry of Finance, being the parent ministry for the Commune/*Sangkat* Fund.

During the last years, and in anticipation of the Organic Law, UNCDF started to prepare, in collaboration with government, a successor programme that was titled *Innovations for Decentralization and Local Development*, the Project Document for which was signed late April / early May 2008 (see Figure 1), after a long period of discussions and negotiations, and which started immediately thereafter, initially for a period of 24 months. However, in 2009 the Project Board discussed a budget neutral extension up to end of 2010 (because the CTA only arrived in December 2008). In 2010, the Board approved a further extension up to end of 2011, later (in the board meeting of September 2011) further extended to 30th April 2012. Hence in total, the project duration almost doubled covering a period of 46 months (or almost 4 years) in total.

The ProDoc, most likely because of the relatively short anticipated duration, did not foresee a mid-term evaluation, but explicitly provided for an *end of project evaluation*, which was carried out in November 2011, according to the Terms of Reference provided in Annex 1, and which is the subject of this report.

1.2 Scope and Objectives of the Evaluation

The final project evaluation was commissioned by the independent Evaluation Unit of UNCDF, in New York, with the following broad objectives :

- Assess the extent to which the expected end of project results/outcomes have been achieved;
- Assess in how far the project has contributed to the stated development outcomes and – notably- the stated intermediate outcomes; and

³ The Commune/*Sangkat* Fund is a major source of 'on budget' public funding for the communes, fully funded by Government, although, indirectly, sector/budget support assists government in providing these resources to the communes. Recent research, has shown that communes may also receive funds ('off budget') through the Ruling Party channel, which may in size be much more important than the CSF resources (see Pak, 2011).

- Assess and document the lessons learnt from particular approaches and innovative types of interventions applied and/or tested by the project.

The ToRs explicitly state that the evaluation should not attempt to assess impact or the project's contribution to the stated overall goal, as such is considered too difficult to measure and hence too ambitious.

Figure 1.1 : Signature Page of the IDLD ProDoc

SIGNATURE PAGE

Country: Cambodia

UNDAF 2006-2010 Outcome(s):

Outcome 1: Increased participation of civil society and citizens in decision-making for the development, implementation and monitoring of public policies

Outcome 5: Increased efficiency and effectiveness of the public administration to deliver basic services.

Country Program Expected Outcome(s) / Indicator(s):

Outcome 1.5.: Increased efficiency and effectiveness of the public administration and decentralized governance structures to deliver basic services

SRF/MYFF goal and service line _____

Project Strategic Objectives (Output(s) Components):

Objective 1: Strengthen sub-national government institutions (introducing organizational and procedural changes in the sub-national governance and administration system that facilitate decentralized management of pro-poor local development)

Objective 2: Increase investments in local development to improve the quality, accessibility and equity of infrastructure and services, manage natural resources and increase economic activity at the sub national level; and

Objective 3: Develop a more effective policy, legal, and regulatory framework that enhance the role of sub-national authorities in the fight against poverty and give the poor greater voice in local-level public policy formation and implementation.

Implementing partner: National Committee for Management of Decentralization and Deconcentration (NCDD) Secretariat
(Designated institution for execution)

Other Partners: Danida and UNDP, DfID, SIDA (through support to PSDD)

Program Period: CCF period 2006-2010

Program Component: Fostering Democratic Governance

Project Title: IDLD

Project Code: _____

Project Duration: 24 months over 3 FY (2008- 2010)

Source	US\$
Total budget	2,051,165
- UNCDF (own resources) (incl. agency fees)	1,551,165
- Danida (parallel financing)	250,000
- Others (TBD)	250,000

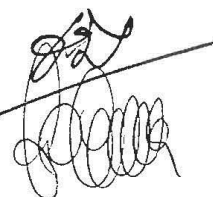
Approved
Government
Name/Title
HE Mr. Keat Chhon, Senior Minister
Minister of Economy and Finance
First Vice-Chairman of the CDC

Implementing
Partner
HE Mr. Sar Kheng
Deputy Prime Minister
Minister of Interior
NCDD Chairman

UNCDF
Ms. Henriette Keijers
Executive Secretary AI

Signature  Date

02 MAY 2008

 28/04/2008

8/5/08

As much as the evaluation was commissioned by UNCDF, the results of the evaluation should be relevant to both UNCDF –as a corporate body - as well as to the Government of Cambodia, being

both the recipient of the support provided as well as the implementing agency of the project. The specific objectives of the evaluation as stated in the ToR (See Text Box 1.1) reflect both the interests of RGC as well as those of UNCDF.

Text Box 1.1 : Specific evaluation objectives (as stated in the Terms of Reference)

- To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the efficiency, effectiveness, relevance, and likely sustainability of results;
- To assess the level of satisfaction of programme stakeholders and beneficiaries with the results;
- To help programme stakeholders assess the value and opportunity for broader replication of the programme;
- To help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course of UNCDF local development programming in Cambodia;
- To assess whether UNCDF and its partners have been effectively positioned to achieve results;
- To contribute to UNCDF and partners' learning from programme experience;
- To ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries;
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.

Source : Terms of Reference (See Annex 1; order slightly changed)

1.3 Evaluation Approach, Methods and Limitations

To ensure comparability with other evaluations done by UNCDF on similar projects as well as respect of standard UN/DAC guidelines for independent project evaluations, the evaluation followed UNCDF's Special Programme Implementation Review (SPIRE) approach. This approach involves the use of two main tools, namely:

1. The Project's Intervention Logic and its stated outputs and outcomes at the time of project design and/or the project's start, and
2. An Evaluation Matrix which contains eight evaluation questions (and some 40 sub questions) which correspond to key evaluation criteria including relevance, efficiency, effectiveness, and sustainability of the project (see Table 1.1 below).

Some of the eight questions are 'standard' evaluation questions, such as 1 (relevance), 5 (sustainability of outcomes and impact) and 6 (efficiency of project management, both at the project level as well as from its regional offices and HQs).

Other questions are more 'UNCDF' specific and directly relate to key elements in UNCDF's standard type LDP intervention logic (as summarized in Text Box 1.2). These are, notably questions 2 (capacity enhancement), 3 (contribution to sub national planning, sub national finance management and local development planning), 4 (LDF funded activities in relation to local development), 7 (up-scaling of pilots) and 8 (enhancing of partnerships).

Text Box 1.2 : UNCDF's Local Development Intervention Logic (as valid at the time of project design)

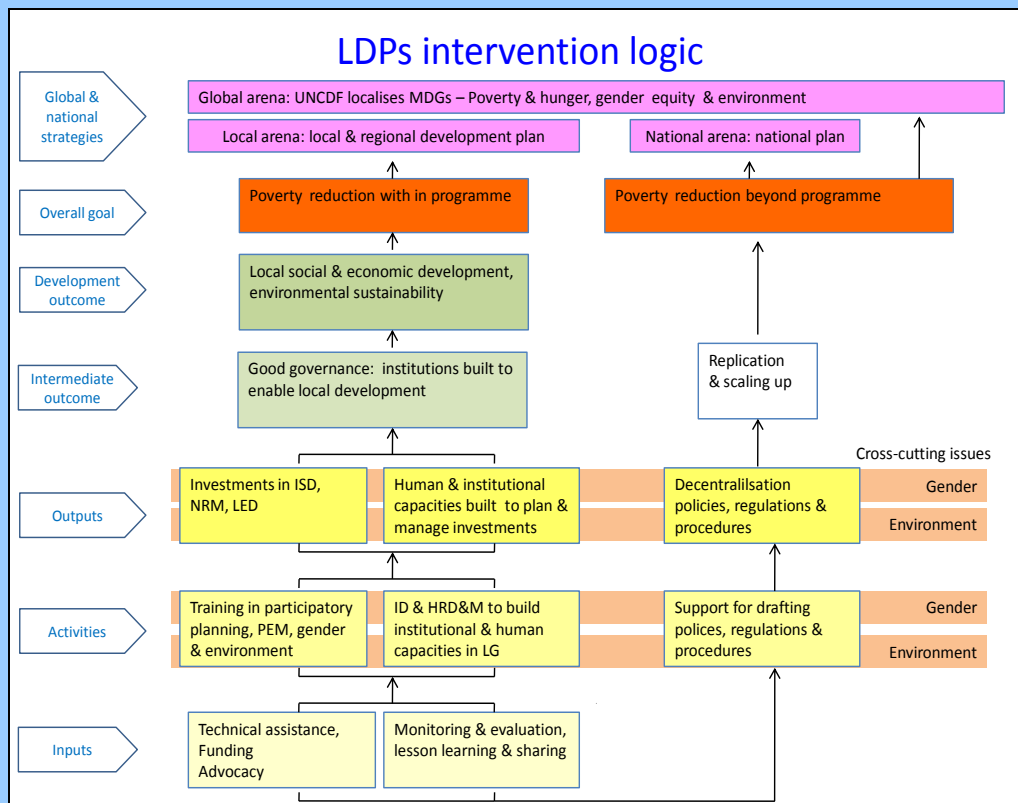
UNCDF, although being one of the smaller UN agencies, is involved in a wide range of local development related projects and programmes in over 35 least developed countries (LDCs). In principle, these projects are (or at least were) based on a common *development hypothesis* and a common development model.

The *development hypothesis* is that the efficiency and effectiveness of service delivery in LDCs will be increased and the level of poverty reduced by decentralizing service delivery to democratic local governments, using capital development funds to provide grants for investment in a small scale service infrastructure that is constructed and maintained either directly by local government or by communities and/or the private sector, with financial inputs and supervision from the local government.

Based on this hypothesis, the *UNCDF's local development model* is constructed, the ensuing intervention logic of which is illustrated in Figure 1.1. with *inputs* of Technical Assistance (TA), capital funding, advocacy and lessons learning, the three main *outputs* of the development model –as also illustrated in Fig 1.1 - are:

- 1) Institutional capacity, particularly in public expenditure management
- 2) Investments in local development in the form of infrastructure service delivery (ISD), natural resource management (NRM), and local economic development (LED); and
- 3) Decentralization policy, including fiscal decentralization, and legal and regulatory frameworks.

Figure 1.2: A typical UNCDF Local Development Project intervention log



The expected *intermediate outcome* is good local governance that will give rise to realization (or contribution to) the achievement of the *development goal*, which is local development (LD) in both urban and rural areas, contributing to the *overall goal* of poverty reduction. As such, UNCDF supported LD projects and programmes are expected to contribute to the achievement of the

MDGs within a country and thus, to UNCDF's global strategy of localizing the MDGs.

Table 1.1 : Evaluation matrix – eight main evaluation questions

Evaluation Questions for Local Development	Corresponding UN Evaluation Criteria
Question 1: To what extent is the programme relevant and well-designed?	Relevance
Question 2: To what extent has the programme contributed to increased capacities and improved systems at local and national government level?	Efficiency and Effectiveness
Question 3: To what extent has the programme contributed to sub-national planning, sub-national finance/ financial management and local development policy?	Efficiency and Effectiveness
Question 4: To what extent have LDF-funded investments contributed to enhancing opportunities for socio-economic development?	Effectiveness/First-level impact
Question 5: To what extent are programme results likely to be sustainable in the longer-term?	Sustainability
Question 6: How effective has management of the programme been at the Regional, national and local levels?	Efficiency
Question 7: To what extent did piloted approaches led to up-scaling and replication as well as to policy developments?	Effectiveness
Question 8: To what extent did the programme enhance the partnership with the government and other donors at national and regional level?	Effectiveness

In terms of timing, the evaluation had three distinct phases with a total input of 15 and 20 consultancy days for the local and international consultant respectively:

- 05 days of desk review and conference call based interviews, leading to an inception report, the main objectives of which were to (i) define the intervention logic and the stated outputs and (ii) revisit the eight research questions as well as the detailed questions. It was also realized that due to the fact that the IDLD had limited capital development funding some of the (sub) question were less or not relevant. Instead seven additional questions were formulated (see chapter 4) that would help to ensure that the final evaluation report would be as relevant as possible to all key stakeholders' concerns. These questions will be answered as part the eight lead-questions.
- 07 days in-country (Tu 15/11 – Mo 21/11) to interview a wide range of stakeholders as well to make a half day field visit to Takeo Province, where the project tested the new planning guidelines, leading to a debriefing with Government (on Monday 21/11), and
- a home-based report-writing phase (22/11-2/12), during which time some additional interviews took place (in Nairobi and via conference calls).

A more detailed overview of the evaluation programme as well as a list of persons met / interviewed is provided in Annex 2.

The methodology followed for the evaluation is as simple and straightforward. Basically, to collect data needed for its assessment of the IDLD, the evaluation relied on :

- (i) Review of existing documents: The documents to be reviewed included those relating to (a) Cambodia D&D, (b) IDLD activities and reports, and (c) other relevant reports and research papers (See Annex 3 for a full list of documents reviewed and/or consulted);
- (ii) Interviews with key informants: The selected interviewees include those working for project, relevant government officials at both the national and sub-national level, and representatives of donor agencies; and
- (iii) Own observations and triangulation of the information obtained from various sources and through various means.

With regards to the above two constraints and one methodological issue must be mentioned:

- Firstly, and probably induced by the fact that the project is fully internally funded hence having limited external demand for reporting, the available internal documentation for the project was rather limited. For example, for the years 2008, 2010 (apart from a somewhat inadequate, strongly pre-formatted and largely empty three page report) and 2011, no progress reports were available. The project work-plan 2009/10 was only [made] available as an annex to the 2009 annual report.
- Secondly, since August both technical advisors had left the project – the programme Manager Advisor for UNCDF/HQs and the Fiscal Decentralization Advisor for NCDD. The latter was hence still available and 'on site' – but by the time of the evaluation, the IDLD had no longer any 'formal physical presence', apart from the UNCDF programme officer seated at the UNDP offices.
- Thirdly, it should be mentioned that amongst the people interviewed, different stakeholders could be distinguished, with potentially, different perceptions on the performance of the project, depending on their broader organizational and personal objectives. Different prisms that may lead to different perceptions are those of Government, UNCDF, project staff (being kind of half in between government and UNCDF) and the Development Partners.

As much as possible, the evaluation assessment is done –objectively- against the stated objectives and expected outcomes; but this was complicated by (as will be detailed in Chapters 2 and 3) the deviation from the original project design; the lack of documentation for its reasons and the absence of a revised intervention logic, which makes individual interpretation of the objectives (through respective prisms) suddenly more relevant. For that reason, and where relevant, we will make reference to the actual or perceived perspectives of the various parties, if different.

1.4 Structure of the Report

The structure of the report is straightforward. After this introductory first Chapter, the next chapter (Chapter 2) provides the project's context, especially in the light of the D&D reforms. Chapter 3 presents the project's original design, the revised design and an overview of the activities undertaken. Chapter 4 deals with the eight evaluation questions; each discussed in a separate paragraph. Chapter 5, finally, presents the overall findings as well as some specific conclusion that can be translated in concrete recommendations.

Chapter 2 : Country / Sector Context

2.1 The Broader Context

After a long period of civil wars, which lasted from the 1970s until the early 1990s, when the first national election was organized in 1993 with the support from and under the watchful eye of the United Nations, Cambodia has over the past one-and-a half decades made tremendous progress, both in economic as well as governance terms. The political situation was not stable until after the second national election was held in 1998, when the Cambodian People's Party (CPP) took full control of power. Although sometimes concerns are raised with regards to the levels of corruption in the country as well as with regards to the dominating position of the ruling party, with the increased political stability as realized over the past 10-15 years, the country achieved both enhanced security and impressive economic growth, which averaged 7% for the period from 1998 to 2007⁴.

The worldwide economic downturn from 2008-2009, has, however, posed new challenges as the Country's major driving sectors (especially garment and tourism) have been severely affected. In addition, although the achieved growth has contributed to reducing poverty rate from around 47% in 1993/94 to an estimated 30% in 2007, inequality especially between rural and urban areas have been on the rise. Access to services such as health care, education, infrastructure and household utilities has also been uneven between urban and rural areas, and increasingly uneven within rural areas themselves⁵.

Despite these limitations, Cambodia has many reasons for at least a moderately optimistic view about where it is heading. Cambodia is still a small open economy with abundant land and natural resources including mineral resources. It also has an emerging young and dynamic labor force that, with proper education and skills, can become the productive force of the economy. Moreover, Cambodia is located in the vibrant region of Southeast Asia; it may have mineral resources and has a unique cultural heritage in Angkor Wat⁶.

2.2 History to-date of D&D in Cambodia in a Nutshell

2.2.1 From Rehabilitation to Commune Reform

The improvements in the political and economic context have allowed the Royal Government of Cambodia (RGC) to undertake various institutional reforms, one of which is the decentralization and de-concentration (D&D) Reform. D&D in Cambodia formally started in 2002 with the national election of the commune councils and the subsequent practice of participatory local development as well as the establishment of the unconditional grant called the Commune/Sangkat Fund (CSF).

The commune reform was based on the earlier experiences of a rehabilitation program known as Seila (meaning 'Foundation Stone'). Seila was started in 1996 and was initially implemented as a framework for matching the delivery of capital for infrastructure projects from a variety of donors

⁴ Guimbert 2010; UNCDF 2010

⁵ World Bank 2007; UNCDF 2010

⁶ Guimbert 2010

and the national government with local needs in five provinces in Cambodia. In 1996, the UNCDF-supported 'Local Development Fund (LDF)' was introduced and for the period from 1996 to 2000 within five provinces, the LDF became an integral part of the Seila programme⁷.

For 1997-2000, funding for the LDF is estimated at US\$8.0 million. Its principal funding sources include the United Nations Capital Development Fund (UNCDF) and the Swedish government through the Swedish International Development Agency. The LDF used demand-driven financing mechanisms for small-scale infrastructure projects such as rural roads, culverts, water supply, minor irrigation systems and school buildings. The LDF transferred financing and decision-making to lower levels of government and, in turn, local governments responded to local preferences through an institutionalized process of local level planning in which local plans are used as basis for accessing financing⁸. The experience from the LDF has significantly contributed to the design of the CSF.

2.2.2 Preparatory Phase for DMK reform

While the reforms at the commune were being carried out and strengthened, from 2005 onwards, the RGC started to give more attention to the district and provincial level. The Strategic Framework for Decentralization and De-concentration Reforms, which was adopted in June 2005, lays out the key characteristics an envisioned sub-national administration, including: a unified administration, an indirectly elected council, and a centrally appointed Board of Governors at the district, municipality, *khan* (DMK) and capital and provincial (CP) level. The main objective of the reform is to create a sub-national governance system that will *'... operate with transparency and accountability in order to promote local development and delivery of public services to meet the needs of citizens and contribute to poverty reduction within the respective territories.'*⁹

Within this context, in 2006, the MOI launched a "District Initiative" (initially concerning 24 districts, one in each province or municipality, and later extended to 94 districts in 2007) to address and resolve, through practical experimentation, the ambiguities affecting the districts' role, developing a new role for the Districts, that ultimately could inform, and be reflected in, the Organic Law (see Text box 3.1).¹⁰

Text box 3.1 : Objectives of the District Initiative

As per the documentation of the NCDD, the objectives of the District Initiative (DI) program were as follows :

- a) Move the role of district/*Khan* closer to the communes/*Sangkat* in order they can easily provide support to the communes/ *Sangkat* rather than move the role of the district/*Khan* closer to the province/ municipality as representative or agency of the province/municipality only.
- b) Strengthen the concept that district/*Khan* is an important level in facilitating preparation of plans for providing public services and it is a significant level in facilitating and consulting ideas with Commune/*Sangkat* Councils.
- c) Motivate and encourage Provincial Line Departments to de-concentrate more responsibilities to their District Line Offices in accordance with their capacity in process of formulating plans and identifying priority problems.
- d) Make the role of the district/*Khan* clear in identifying and initiating ideas for facilitation and support to inter-Commune/*Sangkat* problems.

Source : Guidelines on Implementation of District Initiative Program for 2007, NCDD, October 2006 (From ProDoc)

7 STF, 2008
8 Pagaran 1999
9 RGC, 2005
10 STF, 2008

Undoubtedly, the District Initiative (DI) represented a major step forward in the experimentation of the sub-national structures and systems that must be put in place to implement the vision of the D&D Strategic Framework (and the expected further elaboration of such vision, by the Organic Law). However, in practice the DI experimentation, which ended in late 2010, was essentially limited at replicating at District level a process of project identification, selection and financing (through discretionary transfers) similar to the one that has been carried out at Commune/Sangkat level since 2002 and did not really reached the stage of developing new homegrown models for the district level.¹¹

Initially, discussions around the drafting of an Organic Law (OL) seemed out-of-focus and not very productive. However, in May 2008, quite suddenly and against many people's expectation, a Organic Law was proposed to and approved by the legislature. The National Committee for Democratic Development (NCDD) was established by royal decree in December 2008 to coordinate and lead implementation of the Organic Law. The NCDD has 16 members and is chaired by the minister of interior with two deputy chairs—the minister of economy and finance, and the minister of the Office of Council of Ministers. Other members are at levels of minister and state secretary. The minister of agriculture, forestry, and fisheries and minister of rural development are members, but the minister for water resources and meteorology is not. The chair of the NCDD Secretariat (which supports the NCDD) is also a member of the NCDD.¹²

The Organic Law paved the way for the indirect election of the district and provincial councils in May 2009, and the process of developing the National Program for Sub-National Democratic Development (NP-SNDD) which was completed in early 2010. This key document aims at providing the framework for the implementation of the D&D reforms over a period of 10 years. The NP-SNDD is organized by three platforms and around five program areas including: SNA organizational development (PA1), human resource management and development system (PA2), transfers of functions (PA3), budget, financial, and asset management systems, (PA4), and support institutions for D&D (PA5).

Implementing the NP-SNDD requires participation from all line ministries whose ownership over the process need to be nurtured. Moreover, the NP-SNDD implementation requires close coordination between the D&D and two other important reforms: the Public Financial Management Reform Program (PFMRP) and the National Program of Administrative (NPAR). The D&D and PFMRP are closely related especially in relation to the establishment of financial management system for sub-national level and resource transfer. NPAR on the other hand will affect D&D in the areas of assigning and creating human resource management and development system for SNAs.¹³

2.2.3 The first Three Year Implementation Plan (IP3) of the NP-SNDD

In late 2010, the NCDD adopted the first Three Year Implementation Plan (IP3) to elaborates further on the key concepts, policies and strategies of the NP-SNDD and goes on to explain clearly, in greater detail, the program of reform for the next three years. The IP3 classified the current SNAs into regional and local, as indicated in Table 1 below. According to the IP3, the D&D

11 Based on ProDoc
12 Pak, 2011
13 RGC, 2010

in the next step seeks to gradually transfer the bulk of service delivery responsibilities to the local administration, while strengthening regional (provincial) capacity in planning and strategic investment, as well as providing support to local levels. For the period from 2011-2013, the IP₃ focuses on (a) the establishment, governance, functioning and oversight of SNA, starting with D/M; the effective and efficient support and cooperation between D/M and CS in order to further strengthen the capacity and ownership of C/S; and the capacity development of the Capital and Provinces and (b) the completion and further development of the overall policy and regulatory framework.¹⁴

Table 2.1 : New Administrative Structures

System Type	Sub-Type	System Components	Number
Provinces		Provinces	23
Local	Metropolitan	Capital – <i>Khan - Sangkat</i>	1
	Urban	Municipal - <i>Sangkat</i>	26
	Rural / Mixed	District-Commune/ <i>Sangkat</i>	159

Source: IP₃ (2011-2013)

The IP₃ is executed by the National Committee for Democratic Development (NCDD) through its Secretariat (NCDD-S). The IP₃ has six sub-programs (SP), each of which is implemented by different agencies, including NCDD-S, Ministry of Interior (MOI), State Secretariat for Civil Service (SSCS), Ministry of Economy and Finance (MEF), Ministry of Planning (MOP), and the National League of Commune/*Sangkat* Councils (NLCSC).

As of August 2011, a number of key progresses have been achieved to further the D&D reform. In May 2009, the RGC approved a Sub-Decree on Sub-National Planning which was drafted by the NCDD planning sub-committee with technical inputs from UNCDF. To operationalize the Sub-Decree, a complete initial draft planning guideline was prepared by late 2009 and tested in 2010.¹⁵ In September 2010, the final planning guideline was adopted. As of August 2011, all district and provincial administrations, following the 2010 Guideline, had their first Five and Three Year Plan finalized and approved for the year 2012. Another important progress is the adoption of the Law on the Financial Regime and Management of State Property of Sub National Administrations (also called sub national finance law) on 17 June 2011.

2.3 Outlook for the near future – Next steps in the D&D Reform

The immediate next step of the reform is to continue implementing the plans as set out in the IP₃ – which in fact only just started. On top of the list is the development of the SNA fiscal transfers to provide the districts in particular resources to implement their newly adopted development and investment plans. The IP₃ indicates four sub-national financing mechanisms to be developed.¹⁶

- The DM Fund, which will cover the costs of administration, operations, local service delivery, and the maintenance of public assets (general purpose functions) ;

¹⁴ RCG, 2010 (IP₃)

¹⁵ Abram 2010; NCDD-S 2011

¹⁶ The information on the progress in the areas of sub-national financing is based on NCDD-S 2011

- The Sub-national Investment Facility (SNIF), to be accessed by Provinces, DMs, and CSs and to have several 'sector' windows through which SNAs can build large infrastructure, respond to sector strategies (like climate change) and undertake multi-year projects ;
- A provincial transfer mechanism to cover administrative and developmental costs ;
- The Commune/*Sangkat* (CS) Fund which continues to be used to finance CS administration, services and investments under their general mandate.

More specific regulatory instruments are required to be developed to make the above mentioned (except for the CSF) operational. A list of 17 regulatory instruments, for instance, is required by the Law on Sub-National Finance to be developed in the life of the IP3. In addition, the design of the DM Fund is under way. Originally planned to be completed by early 2011, this DM Fund's Design remains in draft form at the end of August 2011 but is expected to be finalized and approved by the start of the fourth quarter. The main design issues concern:

- *The level of funding:* Discussions have mentioned a 2012 Government contribution of 1.2 % of domestic revenue equivalent to roughly USD 19.3 million. Considering the US\$ 11 million for allowances, salaries and some operations, this would result in roughly US\$ 8.3 million for development or approximately US\$ 45,000 per 185 DMs.
- *The allocation formula:* Various options for the allocation formula are under discussion covering base costs (equal share), population, poverty and geographic size and the various weightings that would be assigned to each variable.

As of August 2011, technical assistance to develop the SNIF began and an inception report outlining the principles of the fund was prepared and agreed with MEF. However, MEF foresees further substantial work in design and establishment of the SNIF and expects it to be operational in 2013. The CS Fund is operating "as usual" with some minor revisions to the Chart of Accounts.

In terms of functional assignment, a draft *Prakas* (inter-ministerial decision) outlining the functional review process has been completed. In the meantime, with support from various donors, the process of functional mapping has started in selected sectors including education, health, social affairs, agriculture, rural development and water resource management. On 7 November, 2011, a national workshop was held and participated by over 120 national and sub-national government officials to discuss the progress of functional assignment and the next steps. While the RGC's commitment to D&D is strong, it is also understood by both central and SNA officials that functional assignment, which is a central part of the reform, is not only technically complicated but also politically sensitive. This requires that the process be taken carefully and progressed gradually, i.e. learning by doing to generate experience and demonstration effects needed for up-scaling.

2.4 Involvement of development partners in D&D Reform

Development partners have played an important role in Cambodia's D&D reform since the CARERE/Seila period. Through their financial and technical support, development partners (including UNCDF), have contributed not only to rural development through decentralized governance, but also generate necessary demonstration effects to advance decentralization policy. Since the mid-1990s development partners have been working mainly to support

commune level. However, after the adoption of the Strategic Framework on D&D and in the context of the IP3, more focus has been shifted to district level.

Since the time under the Seila programme, there have been around 12 major development partners supporting the D&D, creating complex forms of partnership and fund flows. For instance, as part of aid harmonization efforts, a number of key donors provided support to the D&D through Seila from the national level. They included the Partnership for Local Governance (PLG) donors (UNDP, DFID and SIDA), the World Bank, IFAD, Danida and Canadian CIDA. There have also been some others major international donors (e.g. AusAid, GIZ, UNICEF and European Union) as well as a number of national and international NGOs, who channeled funds directly or indirectly through formal partnership arrangements made with PRDC/ExCom at provincial level.

Among these support projects, the PLG and its successor projects deserve specific attention. The PLG started in 2001 and was tasked mainly with assisting the RGC in implementing the Law on Administrative Management of the Commune/*Sangkat* (2001) 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 Project to Support Democratic Development through Decentralization and De-Concentration (PSDD) followed PLG in February 2007 and finished at the end of 2010.

PSDD, that was implemented by UNDP but co-funded by SIDA, DFID and Danida, had three main tasks: (i) to consolidate earlier progress and refine systems and procedures for service delivery; (ii) to continue coordination and support for an increasing number of DP projects at the sub-national level; and (iii) to support the implementation of the Organic Law. The project supported more than a dozen projects for sub-national level development funded by DPs, and provided funding and technical support to central government agencies that are the members of the NCDD. At the SNA level, the project provided funds to provincial line departments (e.g. Provincial Investment Fund (PIF)), worked with various NGOs and CBOs in implementing their projects and provides technical support to communes.

In the context of the NP-SNDD and IP3, development partners have been considering how best to provide financial aid, technical advice to the reform. About 15 donor agencies have formally and informally planned what they can do to support the reform. They form four different sub-groups, each focusing on a different aspect: (i) the 'European group' emphasizes democracy, accountability and citizen voices within the reform, (ii) the 'UNDP group' focuses on broad policy and has been quite influential, working closely with the NCDD through PSDD, (iii) the World Bank, ADB, UNCDF, GIZ and UNICEF are interested in fiscal aspects of decentralization, and (iv) other donors including JICA, Danida and AusAid, operate on a project-based approach, with some links to broader decentralization policy. Among these donors, Danida, Sida, Unicef and ADB have signed the memorandum on the Program-Based Approach with the NCDD in 2010.

As much as the development partners have helped to D&D reform, it must also be noted that because of the numbers as well as different interests and agendas, donor coordination has not always been easy, and at some point of time may even have hindered rather than facilitated the reform. In this context it should also be mentioned that the DP landscape changed over the past few years, in part due to decentralization of operations, whereby some agencies (such as GIZ and the UN agencies) became increasingly dependent on funding of the other DPs, thereby adding the role of implementer to the original role of DP. This implicit and concealed 'scramble for funds' and

positions, combined with the above referred informal DP groups may at times hamper the DP coordination. However, with the IP-3 in place, the RGC is in a much better position to guide the process (and the different parties) as compared with the situation a few years ago. In that sense, and even though it may not have gone as fast and as easy as some would have wished, tremendous progress has been over the past few years.

2.5 UNCDF in Cambodia

UNCDF has a relative long tradition in supporting the RGC in establishing viable Sub-National Authorities which goes back all the way to the mid 1990s when –as referred to above- UNCDF supported RGC in implementing the Seila/LDF that later led to the establishment of the CSF.

By the time the Strategic Framework for D&D was issued (in 2005), UNCDF, in collaboration with UNDP, started its Fiscal Decentralization Support Project (FDSP). The Project was conceived as a component of the larger Decentralization Support Project (DSP), executed by the Ministry of Interior (Mol). Through the FDSP, UNCDF focused on two main substantial issues. The first was support of the MEF on the development of fiscal decentralization, including the development of a number of proposals for the piloting of (i) own source revenue and tax sharing instruments, (ii) the decentralization and mainstreaming of treasury functions, and (iii) the use of commercial bank for commune treasury operations. Other objectives within this part include the strengthening of the Department of Local Finance and securing and supporting the implementation of fiscal decentralization component in the Public Financial Management Reform Program (PFMRP).

The second area of recent UNCDF support is initial background work on local service delivery and sectoral decentralization through studies and consultations conducted by UNCDF staff and consultants and contracted staff of the Phnom Penh-based Cambodia Resource Development Institute (CDRI). This has been a newer area of engagement in Cambodia for UNCDF and will continue to be an important area in moving forward with the decentralization reforms process in the country. The sectoral decentralization support efforts of UNCDF were intended to provide information and ideas on which to build the service decentralization process when it eventually will emerge, as it must, as a policy priority.

During the implementation period of FSDP, which ended in 2007, the RGC was in the process of drafting the Organic Law based on the policy directions stipulated in the 2005 Strategic Framework. However, and as indicated above, the drafting process proved to be time consuming, and was undertaken without much consultation, and hence created –at least amongst the development partners- a sense of uncertainty about the timing of its possible adoption and the kinds of SNA administration and D&D process that it would provide.

Despite this uncertainty, by late 2006, a number of opportunities came up which justified the 3rd round of UNCDF support. First, at the time, there was commitment from the NCDD (at the time the short-cut for National Committee for Decentralization and De-concentration) to implement the Sub-National Democratic Development (SNDD) program which was seen as the instrument to pilot and support the establishment of the new sub-national structures and systems to be defined by the Organic Law and the channeling of resources to SNA. Second, there was a growing consensus that, immediate attention should be given to re-structure and strengthen the sub-provincial (District/Commune) system of governance and public administration. Such re-

structuring and strengthening was expected to enhance the services delivery and development management role of the Districts while strengthening the democratic governance potential of the Communes.

During the time the IDLD was designed, the commune was the only tier of local authority, while the provincial and district level existed largely as de-concentrated arms of the national government. The Strategic D&D Framework however foresees the establishment of indirectly elected councils at both Provincial and District levels as well as the re-structuring of administrations at these levels as “horizontally integrated” administrations led by a Provincial or District Governor and ultimately accountable to the respective sub-national Councils. However, within this broad vision of Provinces and Districts emerging as new tiers of local authorities, the role of the Districts is certainly the least well developed in the Strategic Framework, as uncertainties continued to exist, at the time of its adoption, with respect to the Districts’ relationship with Provinces on one end and Communes on the other.

Table 2.2 shows the most salient points of UNCDF support to D&D in Cambodia, and notably of the IDLD project, against the backdrop of main events in this D&D reform.

Table 2.2 : Timeline of UNCDF activities in Cambodia against backdrop of D&D Reform

Time		RCG / D&D Reform	UNCDF in general / IDLD in particular
1996-2000		CARERE / Seila	Piloting LDF
2002		CSF + 1 st commune election	
2005	June	D&D strategic framework	FD Support Project in MoF
2006		District Initiative started	
2007			
2008	April	OL passed	
	May		IDLD ProDoc Signed
	Jul		Project starts / FD advisor joins
	Jul-Dec		Drafting Planning guidelines
	Dec		PMA arrives
2009	May	Election of Councils	
		Sub decree on SN planning	
	Sept		Study tour to Sweden/Denmark
2010	Feb		Testing of planning guidelines in Takeo
	May	NP-SNDD issued	
	July		LD Outlook Cambodia presentation
	Sept	Planning Guidelines	Release CD grant 3 SNAs
	Nov	IP-3 approved	
	Dec	PSDD ended	
2011	Feb		Approval of AWP 2011
	Mar		LD Outlook for Takeo (En) published
	July	SN Finance Law passed	PMA and FDA leave the project
2012	April		End of the IDLD project

Chapter 3 : Project Profile

3.1 The Project Design

3.1.1 The original intervention logic and design

The stated IDLD project goal –as per the ProDoc signed in May 2008- is to reduce poverty in Cambodia, while its purpose was pro-poor local development (including an improvement in coverage and quality of local infrastructure and services, better local-level natural resources management and accelerated and broad-based local economic development).

The originally intended outputs of the project, again as per the ProDoc, could be classified in three categories, each corresponding to a strategic objective:

- (i) ***Strengthening sub-national government institutions***; introducing organizational and procedural changes in the sub-national governance and administration system that facilitate decentralized management of pro-poor local development;
- (ii) ***Increasing investments in local development*** that improve the quality, accessibility and equity of infrastructure and services, manage natural resources and increase economic activity at sub-national level; and
- (iii) ***Developing a more effective policy, legal, and regulatory framework***, (prior to, and following, the enactment of the organic law on D&D,) to enhance the role of sub-national authorities in the fight against poverty and give greater voice to the poor in local-level public policy formation and implementation.

As such, the IDLD was a classic example of a project that fitted into the LD intervention logic as presented in Chapter 1 (see Textbox 1.2), with attention for Capacity building and HR Development, for investments and for policy development.

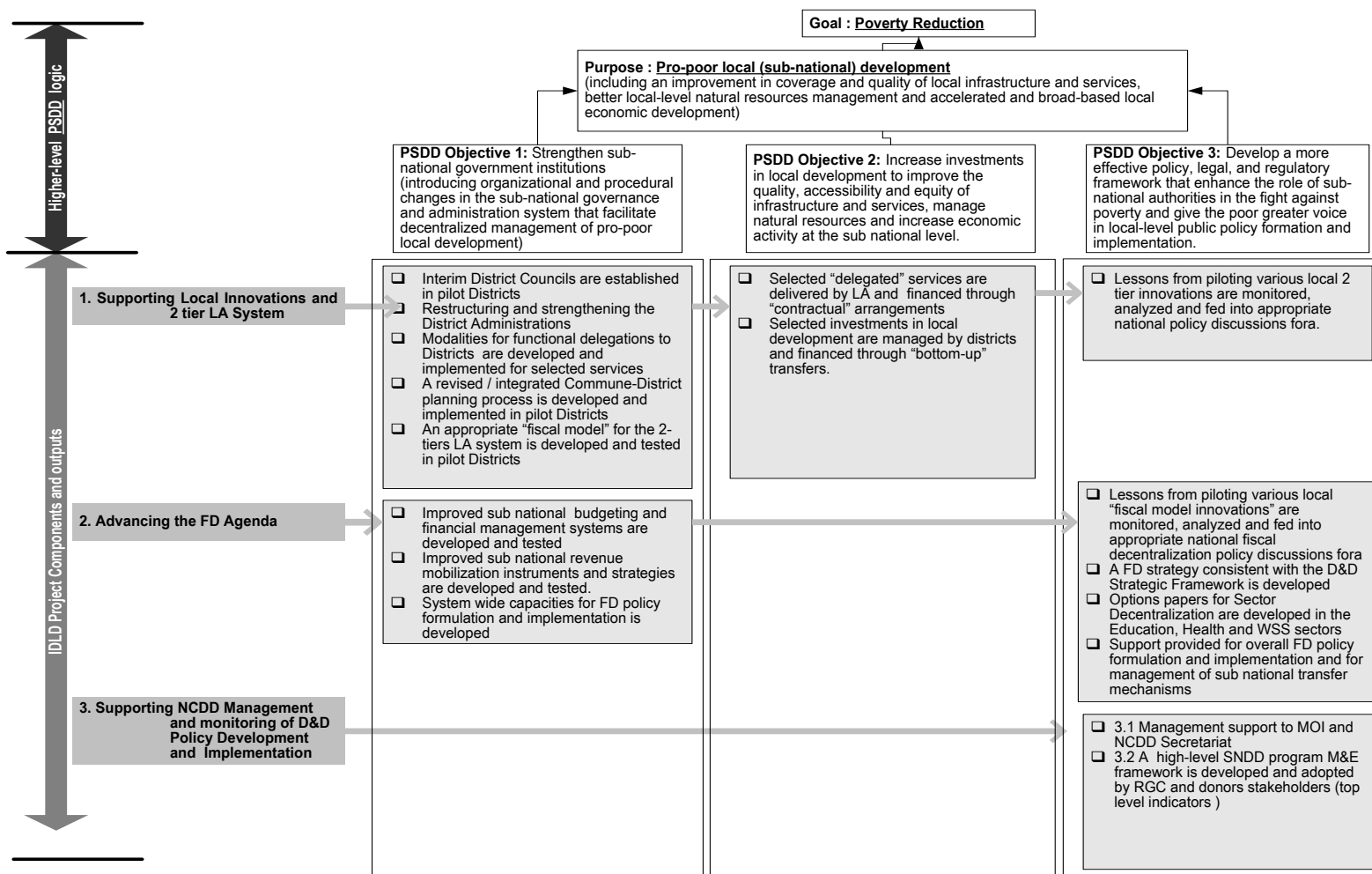
However, one qualification was made in the ProDoc, because “much of development financing for LD activities is provided by other donors both within and outside the PSDD, the IDLD focuses essentially on institutional and policy development outputs, with only minor elements of capital financing, as they may be needed, for testing the proposed policy and institutional innovations.” Hence, the IDLD would focus on two out of the three areas (items i. and iii. as above mentioned respectively), yet, the intervention logic (see below) remains constructed along the three lines, thus based on the assumption that other parties would provide the necessary capital funding.

In order to achieve (or rather to provide a contribution to the objectives as PSDD had the same objectives), the original IDLD project design had activities defined under three key components as follows :

1. Component 1: Supporting Local Innovations,
2. Component 2: Advancing the Fiscal Decentralization (FD) agenda, and
3. Component 3: Management Support to MOI and NCDD Secretariat

The basic idea of the intervention logic of IDLD is nicely summarized in a figure – reproduced on the next page (See Fig 3.1) which shows (in the first column) the three project components, and in the boxes, the main outputs that are linked to the three PSDD objectives (shown in the top rows). The figure also nicely depicts that some outputs (notably for Component 1 and 2) as falling under the first PSDD objective are required to provide input (and hence become a prerequisite) for the outputs falling under PSDD objectives 2 and 3.

Figure 3.1 : IDLD – relation between component, expected outputs and the objectives of the overarching PSDD



Two weaknesses of the diagram on the intervention logic are that :

- It does not show the entire intervention logic as inputs and activities are not shown (these are described in a “Results and Resources Framework”); and
- It neither shows a very important linkage, described in the text, which is that some of the outputs under component 2 (advancing the fiscal decentralization agenda) were to be derived from the piloting under component 1.

A further weakness is that the outcomes as used in the diagram are not fully consistent with the description of the outcomes in the text, neither with the outcomes as described in the “Results and Resources Framework”. The latter two are also not fully consistent. For the evaluation – and based on the Inception Report, we will use Fig 3.1 as the intervention logic, together with the two remark made above and the activities describe below.

3.1.2 The initially foreseen activities – by component

Component 1: Supporting Local Innovations

Conceived prior to the adoption of the Organic Law, Component 1 of the ILDL focuses mainly on deepening the DI experimentation and the designing and testing of a 2-tier (Commune/District) local authority system in which, to use a simplified image, the bulk of the governance and policy making functions are carried out at Commune/*Sangkat* level, while the bulk of the administrative and district-wide service delivery functions are carried out at District/*Khan* level. Key activities intended as part of Component 1 include:

- Establishing “mock” District Councils –
- Restructuring and strengthening the District Administrations
- Piloting “delegation arrangements” between Provincial Departments and District Authorities for the delivery of selected services for example in the Health, Education, Agriculture, and Water Supply and Sanitation sectors
- Revising the Commune Planning Process and developing an integrated District/Commune procedure
- Developing and testing an appropriate “fiscal model” for the emerging 2-tier LA system where the District is acting as the implementing agency of the inter-communal cooperation development initiatives (infrastructure and/or services) as they emerge from the integrated District/Commune planning process.
- Defining accountability mechanisms.

Component 2: Advancing the Fiscal Decentralization (FD)

This Component sought to provide support to advance FD through the NCDD secretariat, MEF, and the work of the NCDD Finance Sub-Committee. It focuses on the following outputs:

- Fiscal decentralization-related policy lessons derived from the various piloting activities undertaken under Component 1.
- Improved Centre-Local transfer mechanisms and procedures (e.g. in CSF operations) are developed and adopted.
- Improved sub-national budgeting and Financial Management systems are developed and adopted.
- Appropriate sub-national Revenue Mobilization instruments are developed and tested.
- A strategy developed to facilitate shift by donors towards local authority budget support (initially through the CSF mechanism).
- Options/strategic papers developed for sector decentralization in Education, Health and WSS sectors.
- MEF and NCDD Finance Committee capacity is improved on issues of fiscal decentralization.

Component 3: Management Support to MOI and NCDD Secretariat

IDLD provides long and short-term advisory resources to NCDDS in order to support its overall management capacities. This in part aims to support capacity to:

- Strengthen NCDDS management capacity to manage and monitor the programs under the NCDD, and assist the NCDDS, as requested, to manage the SNDD Program formulation process described above;
- Support development of an M&E framework for NCDD and for the future SNDD Program, and the design and implementation of an MIS to support this framework
- Provide assistance to MOI in the design and operation of an M&E in respect of its mandate for support and supervision of sub-national authorities

In summary, the original design had a number of salient features, that can be summarized as done in Text 3.1.

Text Box 3.1 : Most Salient features of the original IDLD design

- It fitted very well the UNCDF intervention logic applicable at the time (see Text box 1.3)
 - Start with small(er) scale piloting/modelling in selected districts
 - With attention for Capacity building (national and SN levels); and
 - Some Capital Grants for district Managed Investments
 - Leading to policy development – for up-scaling
- Linked to the larger PSDD (although details not very well spelled out)
- Seeking the engagement with sector ministries
- A Programme Management Advisor (PMA) in NCDD-S
- A Fiscal decentralization (FD) Advisor in MEF
- A total budget of US\$ 2 M for 12 months

3.1.3 The revised set of activities as defined during implementation

Quickly after the start of the programme, and for the stated reason that the adoption of the Organic Law one month prior to the signing of the ProDoc had created a new policy context that required some substantial changes to the project activities (which had been written to get the Organic law written), a new set of activities was defined – especially during the first months of 2009, immediately after the new Programme Management Advisor arrived.

The new set of activities was written in the form of a “Programme of Work 2009-2010: Key Components”. The document (summarized in text box 3.2), does not link the proposed activities to the higher level objectives, yet the three components are distinguished before largely remained, now labeled as :

1. Support to Planning at sub-national level
2. Support to Fiscal decentralization reforms
3. Analytical support to MOI and NCDD

Hence, where component 2 remained more or less the same, but components 1 and 3 were substantially reviewed, whereby C1 started to focus purely on planning, whereby most of the piloting/testing/modeling was deleted – and which had-, following the observation – as consequence that the modeling under Component-2 was also scrapped. Meanwhile, C3 was

made the component for policy development and advocacy, whereby a new set of activities was identified for the production of a *Local Development Outlook on Cambodia*.

The changes were not endorsed by an addendum to the ProDoc, neither was the budget fully revised – but operations took off on the basis of the aforementioned document and the first annual plan 2009 (only approved in 2009 while the ProDoc was signed in 2008) and AP 2010. The revised set of activities superseded the intervention logic as described in the ProDoc, as well as most –if not all of the salient features of the project as summarized in Text box 3.1.

3.2 Project Status - Project Implementation by Component

The following discusses the actual implementation of IDLD and its outputs. Interviews indicate that the adoption of the Organic Law one month earlier to the approval of the Project created a new policy context that required some substantial changes to the project activities. In the re-designed project document, which was approved in late 2008/early 2009, three components were kept, but activities (especially of Component 1) were revised. The following are those actual activities implemented and outputs produced.

3.2.1 Component 1: Supports to SNA Planning Capacity Building

Originally, component 1 activities were formulated in ways that could generate inputs for the formulation of the Organic Law. By the time the project was approved (which was in May 2008), however, the Organic Law was already passed (in April). The post-Organic Law context was argued as the key factor making the original Component 1 irrelevant. As a result, the original idea of supporting local innovation & development and experiment of a 2-tier local authority system was reduced to the support to the planning process for the district. The actual activities of this component therefore focused on providing support to:

1. *The drafting of sub-degree on SNA planning:* In pursuant to the Organic Law, the Government in May 2009 approved a Sub- Decree on Sub-National Planning, drafted by the NCDD Planning Sub-Committee with technical inputs from IDLD.
2. *The drafting of Planning Guidelines for capital/provinces and district/municipalities and khans:* In pursuant to the Planning Sub-Decree, the Planning Sub-Committee began drafting the planning guidelines, using in part material prepared with assistance from IDLD in late 2008. A complete initial draft planning guideline was prepared by late 2009. UNCDF reviewed the draft and provided comments back to the sub-committee.
3. *The field test of new District/Municipal Planning Guidelines:* In response to the proposal of the MoP, the testing of the Planning Guideline was conducted in 2010 in one Municipal (Doun Keo) and two districts (Bati and Borei Chulsar) in Takeo province.

Bati and Borei Chulsar Districts had already conducted planning and project prioritization for the PSDD District Initiative Project before the IDLD started in 2010. The grant provided to these two districts was \$50,000 each. The grant was divided into two components: the first \$30,000 was a replacement fund for the PSDD's District Initiative and was to be spent according to the already conducted plan for the DI, and the remaining \$20,000 was earmarked for only non-infrastructure project (\$15,000) and capacity building (\$5,000). As Doun Keo Municipality had not conducted a District Initiative programming exercise, the whole amount of funds provided to it was programmed through the planning pilot. Following the District Initiative precedent, up to 70% of

this money could be programmed for infrastructure investments and the remaining 30% for non-infrastructure activities.

Text box 3.1 : Program of Work 2009-2010: Key Components

The change in IDLD programme design was kind of 'formalized' through the Work-plan for 2009-10. In accordance with the original design project, the 2009-2010 Plan of Work (POW) develops around three components, the first two of which focus on (i) support to planning at sub-national level and on support to fiscal decentralization, respectively and are a continuation of activities that were already on-going at the end of 2008. Work under component 1 and 2 will converge in a phase of field-testing. Component 3 will encompass analytical work to be carried out in support to the Mol and NCDD leadership, and in particular to the newly created NCDD Sub-Committee 4 on Sub-National Policy.

Component 1 - Support to Planning at sub-national level

Work under component 1 aims at providing technical support to National and Sub-National authorities of the RGC in the design, implementation and evaluation of the new planning system with a focus on District level planning. This component builds on on-going work and in particular on the framework developed by UNCDF based on work (by Julian Abrams) done in the second half of 2008. Activities under component 1 will develop along 4 key phases:

1. Finalizing, disseminating and discussing feedback on the consultant's report with key stakeholders.
2. Assisting the government in all tasks necessary to make the planning system operational.
3. Testing the new planning system in 3 Districts (integrated with field testing carried out under component 2)
4. Providing feedback to the Government and DPs on lessons learned from the field-work.

Component 2 - Support to Fiscal Decentralization Reforms

The aim of this set of activities is to continue providing technical support to the government in the area of fiscal decentralization. 2009-2010 activities under component 2 will include the following 5 key phases:

- 1) Co-lead with the WB Dialogue 3 and provide inputs to the RCG.
- 2) Review of the draft Law on sub-National Finance and support to RCG in its re-formulation.
- 3) Assist government in all tasks necessary to design and operationalize the legal sub-national finance framework in conjunction with planning systems.
- 4) Field-testing in 3 Districts of various financing arrangements (integrated with field testing carried out under component 1).
- 5) Providing feedback to Government and DPs on lessons learned from the fieldwork.

Fieldwork at District level may include testing of specific functions, with the use of UNCDF capital resources, in fields such as education (link with UNICEF) and agriculture services (link with IFAD).

Component 3 – Analytical Support to Mol and NCDD

Activities carried out under this component aim at providing a flexible support to Mol and NCDD leadership on issues requiring analytical work and technical assistance in a fast paced reform context. Inputs would concentrate in two areas:

1. **Support to the NCDD Sub-Committee on Sub-National Policy.** This will include supporting the process and drafting of a *Local Development Outlook* on Cambodia. The Outlook will aim at providing up to date information and analysis on territorial development trends and how these shall be accounted for in policy, fiscal and governance reforms. The Outlook preparation process will include the following phases:
 - a. Methodology design & establishment of working group (key counterpart NCDD Sub-Committee 4).
 - b. Collection and analysis of background qualitative and quantitative information.
 - c. Field missions (focusing on the 3 Districts object of component 1 and 2 testing).
 - d. Drafting and workshops to discuss preliminary findings.
 - e. Final report completed by September 2010.
2. **Other analytical/comparative studies on decentralization/de-concentration.** Specific topics and time line for this work will be largely determined by emerging needs from the RGC. These may include work on the following topics.

- a. Design, implementation and monitoring of local development plans.
- b. Analysis of impacts of D&D reforms on service delivery efficiency and effectiveness.
- c. Identifying options for institutional and organizational arrangements at District level.
- d. Use of performance-based mechanisms in sub-national planning.
- e. Assessing obstacles and identify policy options to remove barriers to Donors' on-budget support at sub-national level.

3.2.2 Component 2: Support to PFM Capacity Building

According to the project document, Component 2 focuses on providing technical support to the drafting of the sub-national finance law by working closely with the NCDD and the MEF. Originally, Component 2 was supposed to rely partly on lessons learnt generated from Component 1 (e.g. various pilot projects at the district level) in order to provide evidence-based technical inputs into the drafting of the Law. With Component 1 activities changed, Component 2 was implemented largely by having international consultants working with the NCDD and MEF and producing two important technical mission technical papers:

1. The draft paper on '*Contribution to the development of the sub-national financial system's legal framework*' (February 18, 2009). The report outlines the key principles and proposed structure for the draft sub-national finance law, and
2. The draft *Mission Report* (October 10, 2009). The report assesses the opportunity to establish a district fund and related issues including the proposed IDLD work plan for 2010.

The first technical paper had contributed directly to the drafting of the sub-finance law and was able to address some of the most controversial areas of the law including the issues of compliance (legality) control, budget surplus of SNAs and amendment to the SNA budget. The second paper provides technical inputs on the key regulatory documents needed to implement the sub-national finance law. The part about providing support to the draft sub-national finance law was implemented through the period of 2009 and 2010, whereas the second part only started in 2010.

3.2.3 Component 3: Support to NCDD and M&E

The Project document indicates three activities of Component 3: (i) management support to the MoI and NCDD, (ii) development of a high-level SNDD program M&E framework, and (iii) evaluation of IDLD itself. In term of actual implementation, the following activities happened as part of Component 3:

1. The production of the Development Outlook report, both one for the Takeo and one for the national level and the organization of a high profile Local Development Forum on 01 July 2010.
2. Study tour and training provided to ten high-level NCDD officials to Sweden and Denmark.

3.2.4 Overall assessment of realization of targeted outputs (as per the revised work plan)

As illustrated above, during implementation, work on Component 1 very much focused on providing input in the planning guidelines and the testing of them using some small amounts of capital investment funds.

Work on Component -2 focused on inputs for the sub-national finance law, and later on drafting of the regulation for the District/Municipal Fund. No field-testing was done.

For component-3, no analytical/comparative studies (Component 3b) were undertaken and the gravity of attention was on component 3a regarding the *Local Development Outlook Cambodia* later extended (not included in the 2009/10 work plan) to include a Local Development Outlook for Takeo Province.

Other activities not in the original work-plan, yet implemented were, amongst others :

- a study tour to Sweden and Denmark four senior government officials ;
- Active participation in D&D/DP for a ;
- A NCDD project for the Cambodia Climate Change Alliance (CCCA) on Local governments and Climate change adaptation; and, as already mentioned ; and
- The Takeo Province Local Development Outlook.

3.3 Tangible Outputs

The tangible products of the project or products to which the project substantially contributed are the following:

- **Sub National planning Sub-Decree** (adopted in May 2009): This Sub-Decree provides key features of what would be the planning for SNA, including: the need for the 5 year Strategic Development Plan and 3 year rolling Investment Plan, the role of the Council and Board of Governor in the process of planning, and the need for open consultation in the process.
- **Sub National Planning Guidelines** (for different levels and types of LG) (adopted in September 2010): The Guidelines provide the key procedural steps for developing the 5 and 3 year plans.
- **Sub National Finance Law** (adopted in July 2011): The Law has 56 articles, and touches on some key aspects of financial management of SNA, including: the respective roles of the council and Board of Governor in budgeting and public financial management process, the different budgetary provisions for municipalities/khans and *Sangkats*, legality controls, and SNA property management.
- **A national local development outlook** (Released in 2010): The report takes a comprehensive/holistic approach in its analysis of Cambodia's local development challenges, and tries to identify the gaps between the policy instruments and changing local development challenges. The reports also discusses how the D&D can better contribute to local development by building a more effective multi-level governance system, and by better engaging line sectors through integrated planning and functional assignment. The report also addresses the issue of climate change.
- **A provincial (Takeo) local development outlook**: The report aimed at providing a strategic input to the Sub-National Planning process in Takeo and providing inputs to the discussion on the longer-term 'Master Plan' for Takeo's Province. It was the result of analysis of qualitative and quantitative information about Takeo. It is also based on workshops and interviews held with key representative from Takeo's public, private and financial sectors.
- **A National local development forum held** (July 2010): The forum was held to launch the National Local Development Outlook and participated by some high profile government

officials from the Government (e.g. of NCDD, Council of Minister, MEF) and DPs (the World Bank and others).

3.4 Project Expenditures – Budget/Expenditure overview

The total budget as per the ProDoc was US\$ 2,051,165 of which US\$ 250,000 was initially expected to be received from Danida for the development of an M&E database, while a source for another US\$ 250,000, mainly for international consultancies to develop 'option papers for sector decentralization for Education, Health, Agriculture, Water & Sanitation' was yet to be found.

Neither of the two materialized, either because it was not timely followed up (what those who had verbal agreement with Danida, but left before the programme started, claim), or because no written agreements had been made at the time of ProDoc signing (what programme management claims). Both arguments may have had some validity, but for sure, also the change in programme activities made the by then un-funded activities less of a priority. The result has been that IDLD has been fully UNCDF funded from own resources.

The budget expenditure data as contained in tables 3.2 and 3.3 (data by component and cost category respectively), confirm and reveal the following, entirely in line with the observations elsewhere in this report :

- Substantial under-expenditure on Components 1, moderate under-expenditure on Component 2 and substantial over-expenditure on Component-3, which, because the studies did not take place, was mainly –apart from the study tour-, for activities around the *Development Outlook*.
- The project was largely a TA project, costs of which took over 58% of the total expenditure (whereby it is noted that the PMA was in-country for over 30 months instead of the 24 months project duration initially foreseen).
- Actual expenditures on the grant were only half of the budget and only 12,2% of actual total expenditures, also because only one cycle instead of two were implemented.
- In total (situation by end of December 2011), and exclusive of the amounts that did not come forward, some 90.8% of the budget was spent.

Table 3.2 : Budget and Expenditure, by component and by year, in USD

	Budget	Expenditure (as per the end of each year)					Balance	Expense as % of budget
		2008	2009	2010	2011	Total		
C1 Piloting / Planning	881,300	19,280	110,637	265,726	117,106	512,748	368,552	58.2%
C2 Fiscal Decentralization	*) 366,600	68,630	172,852	-145	71,276	312,612	53,989	85.3%
C3 (Policy) Support NCDD	**) 229,400	3,624	171,332	231,881	98,986	505,823	-276,423	220.5%
C4 Overhead 5%	73,865	77,726	-	-	-	77,726	-3,861	105.2%
Total	1,551,165	169,260	454,821	497,461	287,368	1,408,910	142,255	90.8%

*) exclusive the amount of USD 250,000 that remained unfunded

**) exclusive the amount of USD 250,000 initially anticipated to be received from DANIDA

Table 3.1 : Budget and Expenditure, by component – relative shares visualized

Component	Budget	Actual expenditure
C1 - Planning	56.8%	36.4%
C2 - Finance	23.6%	22.2%
C3 - NCDD	14.8%	35.9%
C4 - Overhead	4.8%	5.5%
Total	100%	100%

Table 3.3 : Budget and Expenditure, by cost category, in USD and as % of total

Costs category	Budget		Expenditure (31/12/11)		Expense as % of budget
	In USD	% of total	In USD	% of total	
Salaries & related costs Int. staff/consultants	535,500	34.5%	822,481	58.4%	153.6%
National Consultants	166,800	10.8%	176,733	12.5%	106.0%
Travel, Training, workshops (incl. Int. advisor travel)	240,000	15.5%	91,806	6.5%	38.3%
Contracting services	50,000	3.2%	3,480	0.2%	7.0%
Equipment, communication	80,000	5.2%	10,236	0.7%	12.8%
Grants	340,000	21.9%	172,245	12.2%	50.7%
Miscellaneous	65,000	4.2%	54,455	3.9%	83.8%
Overhead / service charge	73,865	4.8%	77,474	5.5%	104.9%
Total	1,551,165	100.0%	1,408,911	100.0%	90.8%

Chapter 4 : Assessment as per the eight SPIRE questions

4.1 Introduction

In this chapter an assessment of the project is made against the eight SPIRE questions as mentioned in Chapter 1. The chapter, however, also seeks to provide an answer to the additional question formulated during the desk-review phase, which are summarized in Text Box 4.1.

In this chapter, the eight broad questions have been answered in a manner relevant to the specific project context and also in a manner 'to be able to tell the story'.¹⁷ In the next chapter, the results are further summarized, and should, for a complete picture, be read together with this chapter.

Text box 4.1 : Additional questions formulated during the inception phase

1. Overall but mainly regarding C1: Was the decision to (unofficially) re-write the Prodoc at the time the project started a good one? Was the decision to only go for the planning-aspect under C1 a right one – or was at least part of the child (e.g. the part that deals with operationalizing functional assignments and getting sectors on board) thrown away with the bath water? Would it have been possible to stay closer to the original ProDoc even after the Organic law was adopted
2. Following this, the question must be asked about the intended and actual relationship between the IDLD and the PSDD both at the original design stage, and following the refocusing of the project. What was the reason for linking the two projects, did it make sense, and how did it work out? This questions touches on design, implementation, results as well as sustainability.
3. Regarding C2: How did the IDLD fit with and benefit from earlier UNCDF interventions? Was there a logical sequence of activities and was there a 'capitalization' of earlier experiences? What was the impact of the change on Components-1 on the effectiveness and efficiency under Component-2. Are there lessons to learn with regards to very strong inter-linkages or even interdependencies between project components?
4. Regarding C3: With the Local Economic Outlook documents the project piloted a new type of activity. How do the activities –both at national as well as provincial level fit the overall LDP intervention logic, and how do they fit the IDLD logic? What was the value added of the exercises in terms of higher-level objectives? How did the process that led to the production of these documents build capacity – for who and for what
5. Regarding sustainability: in how far have the documents produced with assistance of the project become fully integrated in day-to-day business of government, both at the national level as well as at the decentralized level.
6. Regarding the relative strengths of UNCDF - in the design: UNCDF is a relatively small player and also the size of the project was relatively small (and basically a TA project). In this context the question can be asked whether –in the original design- the C1 was not far too ambitious, also given the existing institutional and organization realities. How should a small player best position itself / be most effective – in the light what it was supposed to do and what it actually did?
7. Regarding the relative strengths of UNCDF – in the implementation : Did the small player manage to turn its disadvantage into an advantage – and if yes how?

¹⁷

Initially it was foreseen (as per the SPIRE methodology) to provide brief answers to all questions and sub-questions in a separate annex. However, as this was –due to time pressure- not done during the field period, whilst the report was already written this was considered double work and a repetition of more or less the same text in the report. The full evaluation matrix, however, was used during the field period on a regular basis to check whether all required information had indeed been collected and identify what was missing. As such, the team followed the spirit of the SPIRE exercise, if not the letter. Therefore, instead of providing a full matrix, Annex 5 now only provides a summary of the answers to the eight main questions.

4.2 Relevance of design

Highly relevant design but only marginally followed through during implementation

4.2.1 The original design

Despite the fact that the UNCDF Regional in Bangkok office opened around 2005, the IDLD was, as far as UNCDF was concerned, largely prepared by HQ based staff that had been responsible for Cambodia for a long period of time and that knew the country very well. After the initial design were put together, UNCDF staff based in Phnom Penh worked with government -prior to signing of the ProDoc- for a period of about one year to ensure full ownership by government of the ideas to be piloted.

In the tradition of the standardized LDP intervention logic as presented in Chapter 1, the original ProDoc was based on the idea of *systems development*, on a pilot basis, that would lead –by developing examples or an example and ‘showing how I would look like’ - to up-scaling and policy development. As explained in the previous chapters, IDLD was designed in the context of the “district Initiative”, but in a period of lingering discussions on the Organic Law that lacked clear direction, and therefore the design was based on the idea of developing concrete examples for (i) commune district relationships; (ii) local revenue generation and (iii) delegation of tasks for selected line ministries.

For the first, the ProDoc (or rather the ideas behind the ProDoc, because the write-up itself was rather brief; see below) was based on a client-agency model whereby the communes would procure the services of the districts administrations, which would provide ‘client power’ to the communes. Subsidiary documentation prepared during the period of project design (and project negotiations) shows elaborate models of institutional arrangements, accountability relationships and possible funds flows (see Figures 4.1 and 4.2 as examples of IDLD related attempts to systems development even before the project started).

The second element of the pilot – the testing of sub national revenue mobilization instruments (ranging from fees and charges to property tax as well as district and provincial revenue sharing mechanisms) was meant to further strengthen the autonomy of the communes, giving them ‘own resources’ next to government (and party) allocations.

The third element was to test models –after mapping of the actual situation and review of international experiences- for delegation of services delivery between provinces and districts or communes (partly linked to the ‘contractual financing’ just mentioned under the 2nd element). The ProDoc mentioned several sectors, but at the time of project preparation discussions were in advanced stages with notably the Ministry of Agriculture (that had a decentralization unit at the time supported by IFAD) and the Ministry of Education. During project preparation –and as shown by subsidiary documentation- broad agreement was already reached (with NCDD) on the selection of districts where the piloting would take place.

Without using the word, the third element was dealing with Functional Assignments, the topic that that is today one of the main topics for the next steps in the D&D reform (see Chapter 2).

Figure 4.1 : Proposed District Governance Structure for IDLD

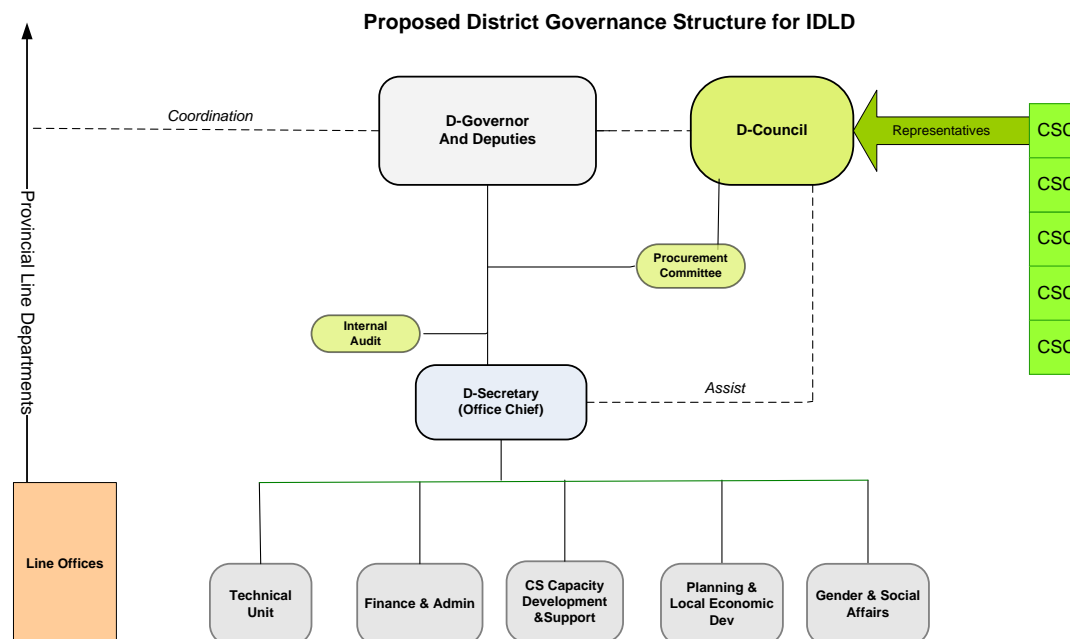
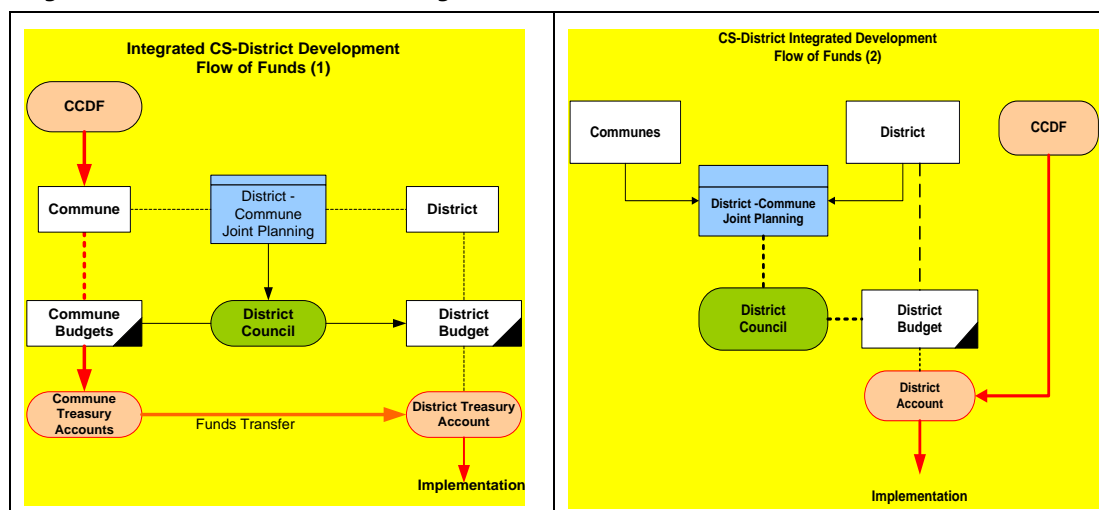


Figure 4.2 : Models for CS/District Integrated fund flows



Source : UNCDF, Project Design for 2-Tier District/Commune Local Authority Model, Institutional Design and Financial Arrangements under IDLD Proposed Project, 1draft for discussion, 2th September 2007

At this point of time, and as much as the intervention logic (see Figure 3.1) was very clear, it is important to note that the evaluation team considerably gained in their understanding of the design through discussions with the persons involved at the time who shared insights not immediately apparent from the ProDoc. It is not entirely clear why the ProDoc was brief on its longer-term vision behind the design. Likely reasons are that it was written by people who knew the situation (both country context as well as D&D) well and who had been discussing the project and its ideas for a reasonable period of time. Another reason may be –and this is linked to conducting ‘pilots’ in the first place- that the ideas were not fully crystalized and still under discussion. On the other hand, some of these issues could have been sensitive such that, if spelled out –and even though agreed with key players in NCDD-, the ProDoc would never have been passed in the first place. Most likely it was a combination of these factors – which means that only part of the full set of ideas got reflected in the official documents, and that, for the other part, mechanisms should have been in place to convey the information (from one person to the other) that was not documented.

4.2.2 The revised set of activities - without a design as such

The original design was in the context of the *District Initiative*, which was by many perceived as a mechanism to work out (or pilot) the Organic law under discussion. As outlined in the previous chapters, by the time the ProDoC got signed – after a long period of discussions, the Organic Law was –against all odds and quite unexpectedly- just passed by Parliament and naturally this would have had consequences for the IDLD, in terms of design and certainly in terms of implementation.

What happened after is poorly documented, but it appears that during the first six months, the project had a relatively slow start –with some work on the planning guidelines and the SN Finance law - and that upon his arrival in December 2008, the newly appointed Programme Management Advisor (PMA) embarked on a process to define a new programme of work, as we found documented in the annex of the annual plan 2009 (as summarized in Text Box 3.2). During the first 12 months of the project, there were various changes of staff in both the UNCDF Regional and HQ offices dealing with the project.

As indicated in the previous chapter, the new work programme considerably reduced the scope of the piloting under components 1 and 2 and lifted the importance of Component-3 that became policy oriented (instead of the original miscellaneous support). In addition to the provision for various studies, the output of the “Local development outlook” -which had no direct linkage to the original ProDoC-, was added to the 3rd component – and this subcomponent only gained importance over the life time of the Project, also because the other elements of the revised Component-3 were not or only partly implemented.

There is no evidence that the revision of the work-plan was proceeded by a revision of the original project design and rational. In fact, the new work-plan became the project design – but it missed the critical elements of testing and piloting that gave the project its name : innovations

for decentralization and local development. which was meant to have a focus on piloting and testing at the local level that would *subsequently* lead to policy development.

Obviously, the adoption of the Organic Law would have had consequences for the project, as for example the client-agent model had become less relevant. Questions could also be raised about the viability of the own revenue mobilization given the patronage system the communes are under. Yet, these are relevant issue that deserved and still deserve attention. At present, over three years after the passing of the OL, and almost three years after the elections of the first group of district councilors, most district councils /administrations do not have a very clear idea of their roles, while the functional relation between districts and communes remains to be further defined. Finally, and as said above, discussion on functional assignments involving the line ministries are yet to start in earnest, and in that sense. Clearly, the activity as foreseen in the original ProDoc of establishing a 'mock district council' became redundant after the OL became effective – yet the other activities of testing modalities would –in a redefined manner- have remained highly relevant. The revised set of activities could be seen to have “thrown out the baby with the bathwater”. In fact, with the revised set of activities, not embedded in the original intervention logic, the original vision behind the project got lost. It limited the scope for locally tested, homegrown innovations related to the D&D reform and replaced it with policy influencing through the *Local Development Outlook*, which was a probably a relevant innovation for UNCDF – but perhaps less so for Cambodia.

Overall, and considering the present discussions around the D&D reform and the answers being sought in the 'next steps' (see Chapter 2), the original project design was highly relevant, and with some tweaking of the activities to be undertaken, would have remained highly relevant, even after the adoption of the Organic Law. However, during implementation, and initiated by decision of the project team, notably the team leader, the project almost immediately started to drift away from its original design – a process that later got its own momentum. As a result, the original design was never really implemented as only the shell of the three original components remained.

Having said this, it should be added that given the financial and human resources (US\$ 1.5 million and only two full time advisors) the objectives of the project were highly ambitious and – without the modalities being clearly worked out- too much was left hinging on the collaboration with larger PSDD. This, however, never really materialized (see also para 4.9 below), which was in part due to the design; the fact that IDLD was one of many projects under NCDD/PSDD; and a result of the choices made in the revised work-plan.

4.3 Capacity building and improved systems and procedures

Systems development through legislation and some limited indirect capacity building

Instead of working towards systems development through piloting and testing at the local level, the project rather worked on systems development (or procedure development) from the other

way around, that is working on guidelines and decrees, notably with regards to planning and sub national financing, under its revised Components 1 and 2 respectively.

Although, surely, the IDLD was not the only party working on these documents, it is fair to say that the project –and notably through its short term TA for planning and fiscal decentralization respectively, who worked alongside the two permanent advisors, being the international PMA and the local Fiscal Decentralization (FD) advisor-, played a significant role in legislation for sub national planning and finance (as mentioned in Chapter 3), that would provide a solid basis for systems development.

From a technical point of view, the various products (being the Planning Sub-Decree and Guidelines, the SN Finance Law, and the draft law for the DMF) could have been more solid and still need further improvement on a number of areas. For the Planning Guideline, UNCDF itself has pointed out a number of areas that should be further improved, as indicated in the Text box 4.1 below.

Text box 4.1 : Comments on Draft sub-national planning guidelines, December 2009

1. There is a need to clarify better the differences between Capital and Province planning systems, and between Khan, Municipality and District planning systems.
2. There is also a need to clarify better the different purposes of planning at the different levels (Capital/Province and District/Municipality/Khan)
3. It is important that the Strategic Development Plan provides a good basis for development of the investment program. The linkage between the development plan and the investment program is not sufficiently strong at present.
4. The link between the investment program and the annual budget of the sub-national authority is not made clear in the draft guidelines. It is important that the Investment Program becomes a basis for drafting the capital section of the budget, not just a wish-list of projects.
5. There is a need to clarify how the plans and investment programs are “integrated” with the plans and budgets of higher and lower level authorities and with sector agencies. What is the scope of the investment program – is it essentially the on-budget resources of the sub-national authority, or all the resources for development within the territory of the sub-national authority?
6. The guidelines state the need to move from an focus on projects to a focus on assigned functions of the sub-national authorities. This is welcome. The planning and investment programming process should result in meaningful targets, strategy and identified investments for strengthening of delivery of priority services, not just on an annual allocation of investment funds to projects.

The role of elected representatives in the planning process is not very strong in the guidelines as drafted at the moment. This could be addressed by giving District Councillors and Commune Council representatives a key role in decision –making on the District Development Plan and Investment Program. Approval of the Plan and Investment Program should be by a normal meeting of the Council following the Council internal rules. It should not be a large forum in which the Councillors are just participants.

Source : Julien Abrams, Piloting of planning procedures in one municipality and two districts of Takeo province, *Review of processes and lessons learnt*, 2010.

For the SNF Law, a number of key issues are left too broad and unclear, including the balance between legality control and SNA budgetary autonomy (e.g. Section 3 and 4), and the treatment of the budget surplus at year-end (Article 42).

Others, notably some of the DPs argued that the quality of the input of the advisors could not be established because their inputs or recommendations were never shared. To us, both these points (could have been better, impossible to judge) are less relevant than the fact that legislation *did* pass, carried imprints of government decision-making, and helped to carry the reform forward –and, along with other parties, including government itself-, the project can be credited for that, as it needed to find middle ground between pure technical advice and making sure that results were produced.

Apart from the legislation, the project contributed explicitly to a study tour to Sweden and Denmark (partly cofounded by Danida and SIDA) for senior government officials and through knowledge transfer that may have taken place in the direct interactions between government staff and the (long and short term) Technical Advisors.

In its relationships with other parties (see also para 4.9 below), the project was mostly focused on –on the one hand, the NCDD and the group of DPs on the other, whilst relationships with, for example line ministries, were limited (as the discussions on the functional assignments did not take place). Also the FD advisor (who initially served as acting team leader) did not put up office within the Ministry of Finance, as foreseen in the ProDoc, but stayed within the NCDD, and as such, the interactions with other players in government (where knowledge transfer could have taken place) were probably not as intensive as they could have been – had the ProDoc been more closely followed.

4.4 Policy development for SN Planning, Finance and LD

Policy development through the Local Development Outlook - limited local leverage so far

As made clear in the foregoing paragraphs, through expert advice, rather than through piloting, being UNCDF's traditional trademark within Local Development, the IDLD contributed to systems development for sub-national planning and finance, by making a contribution to putting in place the required legislation.

For the draft planning guidelines, tested in two districts and one municipality in Takeo –along with some modest development funding (see next paragraph), as well as in two other provinces (one with support from JICA), it was more about operational field testing of the guidelines (whether or not instructions were well understood, whether the formats were clear, etc.) rather than about testing the very principles of the district level planning and the linkages with other sub-national levels. As such the stage of policy development, setting out the broad strategies for SN-planning, the relationship between e.g. spatial planning (e.g. district wide planning), land-use planning and corporate planning (e.g. planning by the district administration), and the linkages between the various levels (national, province, district, commune) was not reached – although, indirectly, the Local Development Outlook has been making initial efforts in this direction.

The same holds for the project's contribution to policy development for sub-national finance where a very useful contribution from the project and its TA (mainly as a go-in-between and facilitator to keep the discussion going) lead to a first formal outline of the system of financing of SNAs – but where the attention is more on the mechanics of the system, rather than on the much broader (policy) vision. Probably, given the Cambodian context, going for the 'mechanics' first was a sensible thing to do, but given the question at hand, we have to conclude that the project did not make a contribution towards developing a fiscal decentralization policy (or framework) –along with a sub-national planning policy (or framework). Probably, development of such policies wasn't possible either because critical elements for such policies remained to be defined. But with that, the circle is round as those elements were exactly the issues the pilots-that-were-not-to-be should/would have addressed.

The major policy contribution of the IDLD was through the development of the "Local Development Outlook – Cambodia" prepared –as the title page indicates-, "by UNCDF for the Government of Cambodia". The document has no clear statement of its objectives, but argues that next to D&D there is need for an explicit local development policy "that pays attention to rural, urban and cross-border development [that] could provide the necessary vision and guidance for Sub-National planning and prioritize investments in rural, urban and cross-border areas [and] also provide the framework for government action in key policy areas that have a strong local dimension such as 1) land use and 2) climate change adaptation". In other words, the document –that was presented at a high profile workshop held in Phnom Penh in July 2010- seeks to put D&D in a wider context whilst drawing attention for the rural – urban (as well as cross-border) relationships, and culminates in five action points for climate change resilience.

Various interviewees appreciated the analytical part of the document – thereby often referring to the eye-opener of the urban-rural linkages. Those new in the country –notably DP representatives-, referred to it as a resource-book. However, the policy recommendations contained in the document seem to be that wide ranging – that few, if any of them had really stuck – although this may be too early to judge.

Despite the high profile presentation, which was reported on the front pages of national news papers and the UN-portal, local dissemination has been limited by the fact that to-date no *Khmer* version of the document is available, while the *Khmer* version of the Executive Summary has not been widely made available and might not have been an effective mechanism to deliver the message the report intends to do.

4.5 First level impact of LDF-funded investments

Very small LDF pilot with relatively high transaction costs

This SPIRE question, originating from the LDF intervention logic, on the extent that LDF funded investments have contributed to enhancing the opportunities for socio-economic development is less relevant for the IDLD as only a very small amount was earmarked for LDF-funding (USD

340K of which only US\$ 165K was used), for the testing of the planning guidelines involving three SNAs.

The planning exercises took place in February 2010, but due to reasons briefly explained below, funds only started flowing in September of the same year. Expenditure was slow, and by end of 2010, only 37% of the total allocation (of US\$ 150,000) was spent. By the end of June 2011, as per the accounts obtained in the Province, expenditure was up to 70%, while reportedly, at the time of the visit in November 2011, only amounts of retention money were due.

For each of the three SNAs a total amount of USD 50,000 was foreseen, but as the two districts were part of the "District Initiative", which amounts (USD 30,000) were to be funded from the IDLD allocation. By the time of the testing of the guidelines, however, the amounts for the DI had already been allocated, leaving only USD 20,000 for the planning exercise. For the Municipality –which was not part of the DI programme- the full amount was available for the planning exercise.

In fact, Bati and Borei Chulsa district received US\$ 15,000 each, additional to the normal DI resources of US\$ 30,000 covered also by UNCDF, which was meant for non-infrastructure (service delivery) projects only. Doun Keo municipality received US\$ 40,000, of which at least 30% (USD 12,000) was to be used for non-infrastructure projects. The actual types of investment funded include:

- Infrastructure: Canal rehabilitation, construction of pumping stations, and road construction and rehabilitation.
- Non-infrastructure: Training on integrated farming system, health education, awareness raising on land conflict resolution, traffic law, domestic violence, drug abuse, waste management, etc.

In addition to these resources, UNCDF made available US\$ 5,000 for each for the Districts and US\$ 10,000 for the Municipality for organizational capacity, in view of cooperation during 2010. Overall, and though the 'top-up' was appreciated, the amounts were relatively small and very fragmented – thus reducing the scope for 'real discretionary planning'.

The funds for the three SNAs were not part of the RCG fund flow as applicable for the District Initiative, but a special bank account had to be opened by the Provincial Administration. Hence, for one-off exercise, the three SNAs were taken out of the regular government routine.

Because of processing of the plans and disagreement between the project management and the Regional Office on the appropriate funding modality, funds became only available in September 2010. Whilst –as explained above- the policy feedback of the planning guideline testing was limited, the transaction costs of the pilot were substantial – probably disproportional. The scale was just too small in comparison with the administrative requirements. As much as the concerned SNAs were happy with the additional resources, even though they came late, because of the workload and hassle related to it, the pilot did not engender a lot of enthusiasm amongst the provincial (NCDD/PSDD) staff involved.

As said, JICA and NCDD tested (without funds) the planning guidelines in two other provinces. But overall and apart from editorial and presentational changes, the testing did not substantially change or influence the design of the planning guidelines (no innovations of adaptation).

4.6 Sustainability of results

Part of the project outputs found their way into legislation – for the local LD Outlook to become sustainable it needs to become part and parcel of local planning processes

For the outputs related to planning and sub-national finance (guidelines and decree), they are sustainable beyond the life of the project, as they have found their way into official legislation. Something similar is likely to happen with inputs provided in drafting the legislation for the 'District Municipal Fund'.

The in-country sustainability of the National *Local Development Outlook - Cambodia* is more questionable, as it was a product "UNCDF prepared for the RGC" – hence not ingrained in any local (that is Cambodian) systems or processes – and as such its sustainability lies 'outside the country'. Although included in the revised work-plan (that had the blessing of NCDD), also prepared outside of the original vision behind the ProDoc, and it has more hallmarks of a UNCDF corporate product (rather than a RCG product) and it should therefore probably be evaluated in that context (and which falls outside the scope of the IDLD-project evaluation).

The situation for the *Development Outlook for Takeo Province*, prepared "by UNCDF in partnership with Takeo Provincial Administration and NCDD", is somehow different. Despite the commonality in name with the national *outlook*, and appearance of some of the themes advocated therein (rural diversification, special linkages and climate change resilience), the provincial local development outlook is a very different product, with the stated purpose to "provide a strategic input to the sub-national planning process in Takeo, which includes the preparation of the 5-year development plan as well as the investment programmes to be prepared by Takeo sub-national authorities during 2011".

The document, prepared by project hired staff and short term consultants as well as manpower provided by FAO, is mostly a useful database and analysis of Takeo's socio-economic parameters, whilst attention is given to the situation for the local MDGs. Provincial (NCDD) staff acknowledged having used the document for the preparation of plans (as intended), but by the time of mission (November 2011), the *Khmer* version of the document was yet to be released, whilst the Municipal Director (part of the planning pilot) had never seen or heard of the document.

Another –conceptual- issue, that also has a bearing on sustainability, is the one raised in the IP-3 under sub-programme 5 Planning, where it states that (i) an understanding of the need for greater SNA-autonomy is needed to reap the benefits of decentralization and that (ii) this should lead to "a planning system that properly distinguishes between area-wide diagnostic and "visioning" exercises that SNA may promote jointly with multiple stakeholders, including first

and foremost the de-concentrated agents of the central administration, and their actual corporate strategic planning as autonomous governance and budgeting units.” It continues that coordination between the SNAs and the State administration, notably its de-concentrated services, is essential but that this “cannot come at the expenses of the autonomy of SNA in formulating their corporate strategic plans as local development organizations with their own mandate and mission, and allocating their resources accordingly” (IP-3 sub programme 5, p22).

In this context, the Takeo Development Outlook, falls more in the category of a ‘visioning exercise’, than in the category corporate SNA planning, linked to the mandates of the various SNA-levels. In other words, it makes recommendations ‘across the board’, but its institutional anchor point is less clear. Given the background of the ProDoC, one would have expected to project to try and come closer to the corporate planning, which would give the exercise a greater chance of sustainability as part of local systems and processes.

In summary, the approach of a *Provincial Development Outlook* (which for Takeo province provided an overview of relevant LD statistics, with an attempt to localise MDGs and a first analysis) – could become a useful first step if followed up if followed up through ‘corporate’ planning and implementation. However, for the output/outcome to become sustainable and replicable (see also para 4.8 below), the following aspects may need to be taken into consideration:

- The process of producing the document to become equally important as output, which will require a more intimate involvement in the process of the corporate body producing the plan;
- Need to make a clear distinction between area based plans (for all parties) and SNA plans that will relate to the mandates of the latter;
- Need for it to be more closely integrated to the existing planning practices – even, or especially- if those could be improved; At the moment various ministries (and various DPs) are involved in planning (such as Ministry of Planning, Ministry of Land Management, Mol/NCDD), and there are practices of 5-year development plans and 3-year rolling plans. For it to be sustainable, the LD outlook can not just be another input in existing planning processes – or even a separate planning exercise – it should find a place and institutional home.
- Need to link, or provide the framework, to link area based plans with SNA corporate planning at the various levels (province, district, commune), which was one of the ideas behind the original ProDoc;

And, finally, if the exercise were to be replicated in other countries, it could be an idea

- To use the National LD outlook, as a one-off event, as the starting point for the SN-Outlooks.

4.7 Management efficiency at HQ, regional and local levels

Past and present UNCDF related TA (short and long term) highly appreciated -

The IDLD Advisory team –with a Programme Manager and a Fiscal Decentralization Advisor in post since July and December 2008 respectively, while both left the project in August 2011 for other positions (within UNCDF and NCDD respectively) – that have been put in place by UNCDF

was widely appreciated for its commitment, diligence and knowledge of the topics they were dealing with.

The team-members had complementary skills and networks, with the PMA having an inclination towards the DP community, while the FDA had good contacts within government. The PMA thereby – mainly as a result of the indicated personal skills- good in the balancing act of wearing two hats at the same time : that of a DP heavily participating in DP/D&D for a (and being credited for keeping the discussions subject focused and output oriented) and that of a technical assistant to government – having offices within NCDD.

It must be noted that none of the persons interviewed complained or otherwise shed a bad light on the double task of the team-leader, but as said, this may say more about the qualifications of the person –who had the skills to do the balancing act- than about the principle. There seems a need to reflect on the issue whether it is desirable to combine both functions (of donor and TA) in the same person. Especially because the context is changing, also in Cambodia with the Programme Based Approach, there are three roles that must be clearly distinguished namely (i) those of DP as donor, (ii) the DP as implementer, and (iii) those of the technical advisors, especially if those are hired by any of the DPs in any of the two roles DPs.¹⁸ Under IDLD, the PMA combined all three functions, which is undesirable because of potential conflicts of interest and loyalty.

For a brief 10-month period of time, the project had one staff-member in Takeo District, who mainly dealt with logistic and served as go in between for the Takeo Outlook and the testing of the planning guidelines. The input, however, was “too little and too short” for any process approach, piloting of new ideas or mentoring of SNAs – which would require more substantive and more prolonged inputs.

Especially in relation to the work in Takeo, some people interviewed raised the issue of delays and funds not being available in time, which was –for the grant payment- due to both delays in processing the plans and a difference in view between project and RO regarding the modality to be used. Meanwhile, for the RO, the IDLD was one of the several projects, and amongst them one of the smallest projects, demanding a disproportional amount of time from them.

As far as support from the Regional Office (RO), that opened in 2005, is concerned, it should be noted that, as a remnant of the time prior to ROs, for UNCDF ‘Cambodia’ was initially managed from HQs, and initially, also at the time the IDLD started, knowledge of Cambodia in the RO was limited. As said above, during the first 12 months of the project there were a number of staff changes (the person that had prepared the project on the ground left UNCDF, and in Bangkok the Regional manager retired and was replaced). This situation allowed the new RMA to redefine the programme – and even though, in July 2009, the new RO Manager raised, during his first supervision mission, the issue of deviation from the ProDoC this did not change the course of action, and the fact that, over time, the RMA got increasingly involved in corporate work and thereby build a direct relationship with HQs did not make things easier.

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In case government hires the advisors, as is increasingly the case under the PBA, the problem no longer arises.

But overall, both in government and DP circles, the expertise of staff and consultants as provided by UNCDF is well acknowledged and highly appreciated. And this goes well beyond the IDLD and way back to mid-gos. Several people –notably in government- reiterated the list of people that UNCDF had brought to Cambodia since the mid 1990s and spoke highly of them. And even though some are no longer directly employed or associated with UNCDF, for these people they are still seen as ‘the group of people in and around UNCDF that formally or informally carry expertise and the institutional memory’.

4.8 Up scaling and replicability of piloted approaches

Sub-national LD outlook approach has potential for up-scaling if embedded in a national / sub national planning framework

The project outputs in the field of planning and finance as described above have been ‘up-scaled’ as national practice through the national legislation / guidelines. As no piloting took place under Components 1 and 2, the main areas of innovation of the IDLD as implemented are the National and Takeo Outlook documents.

As already indicated above the replicability of the *national LD outlook* largely lies outside Cambodia and also largely beyond the scope of the IDLD evaluation. For the sub-national LD outlook documents there is –also within Cambodia- certainly potential for replicability – in the context of the recommendations made above (see para 4.6).

At the moment there are two options to replicate or rather further the LD approach :

- RGC has requested UNDP to assist with two provincial planning exercises, which would take the SN outlooks a step further; and
- UNESCO is considering an ‘outlook type’ of approach in Siem Reap Province.

Coordination and harmonization of such approaches is highly desirable in the context of a work of sub-national planning and, from a D&D perspective, in context of IP-3. As indicated above, a decision may need to be made regarding the type of plan (area based visioning or corporate based on mandates) and where the institutionally anchor the assignment(s).

4.9 Partnerships with Government and other DPs

During project implementation UNCDF was a valued partner to Government and other DPs

It was noted above that the original project design –given its modest budget- was fairly ambitious, and in that context it must be assumed that the linkage of the IDLD to the larger PSDD was crucial. The very first two sentences of the ProDoc highlight this link : “This UNCDF-supported project Innovations for Decentralization and Local Development (IDLD) is conceived as complementary to the larger UNDP/DFID/SIDA-supported PSDD. The Goal, Purpose and strategic objectives of this project are the same as those of the PSDD.”

Apart from this statement, the ProDoc did not specify how the linkage would be operationalized, although, on the first page of the ProDoc it states “As much of development financing for LD activities is provided by other donors both within and outside the PSDD, the IDLD focuses essentially on institutional and policy development outputs, with only minor elements of capital financing, as they may be needed, for testing the proposed policy and institutional innovations”. In other words, it was assumed that the PSDD would fund core activities.

As much as it was not defined through in the PProDoc it was not further worked out during implementation. At the sub-national level (in Takeo), the PSDD facilitated IDLD implementation (mainly backup logistical support), but otherwise the link as made in the ProDoc seemed to have mainly served as ‘promotional’ and was taken for granted later, as little if any direct functional interaction or joint programming at the NCDD-S level between the two programmes took place. In other words, for the PSDD, the main and leading programme in support of NCDD, the IDLD was ‘one of the 12-or-so other projects’, and probably one of the smaller, and -as outlined in the previous paragraphs- the IDLD management (with the blessing of NCDD management) rather quickly decided on its own course of action.

Through and by virtue of the PMA (‘with the UNCDF DP-hat’), UNCDF was seen as a very active and respected participant in the DP/D&D group. The PMA was appreciated for ‘keeping the discussion focused on content’ (as opposed to procedural issues), and was considered as one of the few members of the group that had specific D&D experience (as for many other members of the DP group it may have been the first time to deal with D&D issues); and UNCDF was credited for bringing specific expertise to the table.

As such, the project (that is as long as the PMA was there) portrayed UNCDF as an active and valued partner in the D&D process in Cambodia – both from the government side as well as from the DP side. As such, the IDLD also allowed UNCDF to keep a good and close relationship with RGC during the time of the project.

However, the UNCDF profile was largely dependent on the presence and skills of the project staff and hence would by and large only be valid as long as project staff were present. During the time of the mission (in November 2011), various persons interviewed indicated being unclear about UNCDF’s position or rather positioning on Cambodia.

As already mentioned, the linkages with other government institutions were rather limited. It is acknowledged that, traditionally in Cambodia, linkages across government institutions are ‘difficult’ and –apart from the relations towards the DP circles-, the IDLD seemed very much ‘cocooned’ within NCDD, with limited interaction with –for example- the Ministry of Finance (which complained about being left out from fully benefiting from IDLD), while also the engagement with Line Ministries was limited.

Chapter 5 : Conclusions and Recommendations

5.1 Main findings

Overall: In general, and considering the relatively small size of the project, both in term of funding and staffing, which allowed UNCDF to keep 'a foot on the ground' in Cambodia, the project performed reasonable well overall. It substantively contributed –as documented in this report- to a handful of tangible outputs, some of which are sustainable through adopted legislation and guidelines (notably the planning guidelines and the sub-national finance law). Policy development –with regards to sub-national planning and fiscal decentralization- is yet to follow.

Other outputs by the project such as the Provincial Local Development Outlook are –from a Cambodian perspective- a potential useful first step, and could become more important if more clearly linked to a sub-national planning policy and mandates of sub-national authorities.

As representative of UNCDF, the PMA made an appreciated contribution to the DP/D&D group. In fact, apart from being an advisory team (to NCDD), the team (and notably the PMA) spent a substantial amount of time as UNCDF representative (on the side of the DPs rather than on the side of Government) and on issues that could be considered as UNCDF corporate, that gave the PMA a direct link to UNCDF/HQs thereby raising the profile of the PMA.

Design and implementation: Due to a combination of factors, including a change in contextual circumstances (the organic law that passed, change of staff in the UNCDF regional office) as well as personal experience and interests of the PMA –and probably the latter was the strongest factor-, the project, during implementation, diverted more from its original design than would have been needed given the changes with regards to the passing of the OL.

With the benefit of hindsight, and given the questions the D&D reform is still grappling with (notably the relation between the various levels of sub-national governments and the issue of functional assignments and the involvement of line ministries), it can be concluded that if the project would have stayed closer to the spirit of the original set of activities, UNCDF would have by now been better positioned to contribute to the present debates that are at the top of the D&D agenda. As such, part of what was left out, notably the issues with regards to relations between SNAs, a sub-national planning framework and working out the modalities for sector decentralization are still highly relevant.

All parties appeared to have agreed with the deviation from the ProDoc (formalized through a project board meeting), During the evaluation, NCDD leadership confirmed they had endorsed it whilst also recognizing that the shift in part was pushed by individuals; while the RO manager wrote in June 2009 "However the project is not really following its ProDoc – given the fast pace of developments this is no bad thing). Yet, the (argumentation for the) rather big changes had remained poorly documented, whilst no revised internal project logic had been prepared. Apart from the issue of strong personalities (arguing in favor of the changes), also the fact that the

project was entirely UNCDF core funded may have played a role – as no third party accountability as required. The same may help explain the absence of solid progress reporting.

Qualifications of staff: The project team was a good tandem, whereby both team-members had complementary skill-sets and networks. They –as well as the short-term consultants they engaged, notably for planning and finance- were appreciated by their colleagues for both knowledge –of content and context, as well as attitude.

The team-leader skillfully performed a balancing act between his roles as technical advisor under the project and UNCDF in-country representative. Although the latter was only one of the seven main task as identified in the PMAs Terms of Reference (attached to the ProDoc but not mentioned in the ProDoc itself), but due to a combination of factors including personal background and skills as well as interest, and maybe also again the fact that the project was fully UNCDF funded, this task became a substantial part of the job.

Outputs / Outcomes : The IDLD project can be credited to have provided a contribution to the production of the sub-national planning guidelines and the sub-national finance laws and as such to D&D systems improvement. Yet, this did not yet lead to substantial policy development as such. In other words, ‘innovations’ in D&D –as per the name of the project- were less pronounced.

Much time and energy was devoted to the production and launching of the *Development Outlook Cambodia* – which allowed to raise the profile of UNCDF, in Cambodia and beyond; but its influence on the local policy debate has –so far- been rather limited. Generally, the document is appreciated for its analysis (especially by those new to the country), the policy messages contained have not yet been picked up.

The sub national *Local Development Outlook for Takeo Province*, that contains a useful analysis of the development challenges and potentials for the area, was a useful input in the regular (five year strategic and three year investment planning exercises), but for the approach to become replicable and sustainable it needs to go a further mile and embedded in a institutionalized interlinked sub-national planning framework and also pay attention to the mandates of the SNAs at the various levels.

Management / Corporate: During the course of the project, and for the skills of and choices made by the team-leader, UNCDF has over the past years been a player in the D&D arena that was appreciated by RGC and DPs alike. More generally, UNCDF is appreciated for the quality of the people that it has engaged in the area of D&D over the years, from the time of its initial engagement in the Local Development Fund up to to-date.

Contrary to the appreciation for the quality of the expertise, the same partners (RGC and DPs alike) occasionally aired uneasiness with the fact they were sometimes left guessing concerning the in-country strategy, positioning and the comparative niche of UNCDF. The dual roles of the former PMA may not necessary have helped to strengthening the position; One DP representative, for example, did not know the name of the project and the PMA had always been seen as the UNCDF-representative; on the other hand, the list of past and present UNCDF

staff quoted with appreciations by mainly government staff (those being the ones that can look 10 years back), are those that had engaged government in policy discussions and helped government to 'change direction' or adopt new initiatives.

5.2 Four Specific Conclusions and Recommendations

In this paragraph some of the conclusions drawn from the above are taken further and translated into a recommendation. Given the fact that IDLD *de facto* come to an end, these conclusions and recommendations focus on post IDLD.

Conclusion / recommendation1: UNCDF has had a long and mutually beneficial relationship with the RGC.

- For both parties, and without delving into existential questions, it appears sensible to further capitalize on this relationship – whilst recognizing that, with IP-3, the context has changed and that UNCDF would need to clearly spell out the niches in which it either has a competitive advantage or those niches it likes to build such advantages. Based on the experiences of IDLD, such niches could be :
 - 'Local modeling for 'systems development to lead to policy development' and subsequent up-scaling'. This could include, but is not necessarily limited to, for example Local Climate Change adaptation; and/or
 - Its knowledge base on (sub-national) planning and fiscal decentralization.
- Together with indicating the niche, there is also scope to clarify the prime role UNCDF wishes to play: that of Development Partner –as a party that can bring or mobilize resources- or that of specialized advisors to implementation.

Conclusion / recommendation 2: The original IDLD ProDoc was based on ideas of testing of relationships between different SNA levels; sector decentralization and more clearly defining the roles of SNAs at each level in the light of the present and possible future mandates; These topics are still valid and still merit to be considered for implementation, notably in relation to (UNCDF's traditional trademark of) "showing concrete examples on how things could/would look under anticipated further legislation and regulations".

Over the past few years, the context has further changed, and any modeling needs to take place within the boundaries as defined under the IP-3 and in the light of a more holistic approach to local development including economic development and (funding for) service delivery.

- Based on the ideas behind the original IDLD design, the corporates niches for UNCDF as mentioned above and the needs for the D&D reform, there actually is scope, within IP3, to work out modeling exercises - to prepare for subsequent up-scaling- in the following areas :
 - Area and/or sector based modeling of functions and funding of DMKs (notably districts) under their general mandate;
 - Modeling intergovernmental relationships across SNA-tiers, in particular in relation to planning;

- Take the *SN-outlook approach* to the next step as part of SN planning (from *vision to investment/service delivery plan*) for different SNA-tiers within their present and likely future mandates – and have it rolled-out.

Conclusion / recommendation 3: Particularly in a situation where various DPs are dependent on funding from other DPs, there is –naturally- an element of competition and an incentive to be less transparent and/or to jump into quick action. Yet, the IP-3 and the Programme Based Approach (PBA) have become the guiding principles, which means that –in principle- the scope for individual DP driven actions and interventions gets more limited.

- In the spirit of IP-3 and the Programme Based Approach, both designed to support the RGC in the implementation of the D&D policy, the parties supporting government should be ready to be guided by kind of common decision making and as such there should be opportunity for thorough analysis and scrutiny of any new project or sub-project by all stakeholders. Such a process –especially for more important new ventures- should involve a proper ‘identification phase’ that allows involvement of the various stakeholders and common decision making before ideas are put ‘into action’. This would also apply for the suggestions made under recommendation 2.

Conclusion / recommendation 4: Finally, UNCDF is appreciated for its expertise; yet, this expertise is largely found in a group of people not directly or no longer directly linked to UNCDF, but somehow remain –mainly because of past ties- associated with it. This group of people carries the institutional memory – but other parties could (and in fact do) argue, that UNCDF cannot claim this as their comparative advantage as they can be hired by any party.

- For UNCDF to be able to exploit the comparative advantage of the cluster of expertise that is more or less vaguely associated to it, UNCDF may need to find ways to more formally and visibly connect them and have a mechanism for rapid deployment if/when needed. Such mechanisms need to go further than the ‘pool of retainer consultants’ and may need to include active profiling of available expertise – in connection with the niche (see recommendation 1 above) the organization wishes to profile itself.

5.3 Concluding remarks

Substantial progress has been made with the D&D reform over the past decade, but equally, for the full potential benefits of a decentralized to be reaped, as much remains to be done. It may be good to recall, that –apart from *sharing of power* and *giving people a voice*, which are also virtues in themselves-, D&D is largely a means to an end and not an end in itself. That is, a means to make public sector service delivery more efficient and more effective. D&D reforms – if properly implemented and followed through-, and the establishment of sub-national authorities that have autonomy for the mandates given to them, can contribute substantially to improving service delivery. However, and this was probably one of the main messages of the *Local Development Outlook*, D&D reforms are not implemented in a vacuum, whilst sub-national authorities need to face the challenges of a complex world around them. And in the end D&D

reforms –and the projects and programmes that support them-, only find their meaning in how far they contribute to better service delivery and poverty reduction. Those questions were beyond the scope of this evaluation – yet remain to be answered.

January / March 2012
Phnom Penh / Nairobi

Annexes

- Annex 1 :** Terms of Reference
- Annex 2 :** Mission work plan and List of persons interviewed
- Annex 3 :** List of documents read / reviewed
- Annex 4 :** Copy of Power-point presentation – debriefing with NCDD on 21/11/2011
- Annex 5 :** Summary responses to eight main SPIRE evaluation questions
- Annex 6 :** 'Management Response' incl main recommendations & suggested key actions

Annex 1 : Terms of Reference

TERMS OF REFERENCE

Innovations for Decentralization and Local Development (IDLD)

Final Evaluation



A. Purpose of the Final Evaluation

The **objectives of this evaluation** are:

- To assist the recipient Government, beneficiaries, and the concerned co-financing partners, to understand the efficiency, effectiveness, relevance, and likely sustainability of results;
- To assess the level of satisfaction of programme stakeholders and beneficiaries with the results;
- To assess whether UNCDF and its partners have been effectively positioned to achieve results;
- To contribute to UNCDF and partners' learning from programme experience;
- To help programme stakeholders assess the value and opportunity for broader replication of the programme;
- To help programme stakeholders determine the need for follow-up on the intervention, and general direction for the future course of UNCDF local development programming in Cambodia;
- To ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries;
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.

Evaluation collaboration

- The overall evaluation process will be managed by the UNCDF Asia-Pacific Regional Office in Bangkok under the guidance and supervision of the UNCDF Evaluation Unit in New York.
- An in-country Advisory Group, composed of representatives of project stakeholders including UNCDF and NCDD, will be established to work closely with the Evaluation Team to provide necessary direction and support throughout the evaluation process, including substantive inputs to draft ToR and key deliverables, participation in the in-country briefing and de-briefing and designation of in-country evaluation support team to provide necessary documents and information, facilitate contacts, and ensure logistical support.

B. Programme profile

a) Country context/status of decentralization in terms of strategy, policy and implementation

- The 2005 Strategic Framework for Decentralization and Deconcentration signaled the start of fast-paced decentralization reforms in Cambodia.
- By late 2006, new opportunities emerged for advancing decentralization reforms. The first is the commitment of the National Committee of the Management of Decentralization and Deconcentration (NCDD) Secretariat to proceed with the preparation and implementation of the Sub-National Democratic Development (SNDD) programme which was intended to pilot and support the establishment of the new sub-national structures and systems to be defined by the Organic Law as well as channel resources they need to deliver local development outcomes. Furthermore, there was growing consensus that sub-provincial (District/Commune) system of governance and public administration should be re-structured and strengthened.
- By 2008, the Royal Government of Cambodia (RGC) had passed the Organic Law on Administrative Management, a landmark legislation that established the roles and functions of sub-national government structures and plans for fiscal decentralization. Local government elections were held in May 2009.
- Today, Cambodia disposes three levels of sub-national government (Province, District and Commune). The year of 2010 in particular was marked by major progress in the reform with the endorsement of the 10 year National Programme and 3 year implementation plan. Development partners agreed on principles of engagement which stipulate a shift away from projectized support towards an integral programme-based approach with pooled funding arrangements managed directly by Government. This presents a new environment for UNCDF local development programming in Cambodia.

b) Programme summary:

i. UNCDF support in Cambodia:

- UNCDF has been supporting decentralization reforms and local development in Cambodia since the mid-1990s. In 1997, UNCDF designed and piloted a Local Development Fund (LDF) in two provinces, which later became the fully institutionalized the "Commune and Sangkat Fund" and represents the backbone of the lowest tier of government in Cambodia. UNCDF set up fiscal transfer and local financial management mechanisms to support the Communes/Sangkats both prior to, and after, the creation of elected Commune/Sangkat Councils in 2001.
- After the completion of the LDF, UNCDF in partnership with UNDP, has continued to support the Cambodia decentralization reform process through the "Fiscal Decentralization Support Project" (FDSP) conceived as a component of the larger UNDP-supported "Decentralization Support Project" (DSP). Through the FDSP, UNCDF provided support to the Ministry of Economy and Finance (MEF), including drafting of MEF regulations and guidelines, formulation of field pilots, and background studies on local service delivery and sectoral decentralization.
- UNCDF embarked on a third round of financial and technical assistance supporting innovations in local development through the Innovations for Decentralization and Local Development (IDLD). IDLD was conceived as complementary to the UNDP/DFID/SIDA-supported Project to Support Democratic Development through Decentralization and De-concentration (PSDD) so as to avoid duplication of development partner support being provided to NCDD to promote the D&D agenda and to focus on UNCDF's comparative advantage in piloting local "policy-relevant" innovations, in leveraging wider policy lessons, and in supporting the development of more appropriate fiscal decentralization policy frameworks.

ii. Background information on IDLD:

- IDLD works in the context of the Organic Law and of the 10 year National Programme for Sub-National Democratic Development under the mandate of the National Committee for Sub-National Democratic Development.
- The IDLD is conceived as complementary to the larger UNDP/DFID/SIDA-supported PSDD. The goal, purpose, and strategic objectives of this project are the same as those of the PSDD: (i) Strengthening sub-national government institutions, (ii) Increasing investments in local development; and (iii) developing a more effective policy, legal, and regulatory framework (prior to, and following, the enactment of the organic law on D&D).
- IDLD has three outputs/components that contribute to the achievement of the PSDD strategic objectives: (i) supporting local innovations and two-tier local authority system (ii) advancing the fiscal decentralization agenda (iii) supporting the NCDD management and monitoring of D&D policy development and implementation
- The IDLD (duration: 2008-2011¹⁹) project document has been approved by the RGC and UNCDF since May 2008 and has been managed by the Program Support Team of the Secretariat of the National Committee for the Management of Decentralization and De-concentration (NCDDSP-ST). IDLD is funded by UNCDF, with parallel funding from Danida.

c) Programme expected results:

- As set out in the results and resources framework of the original project document, the expected results of the programme are as follows:

Intended outcome (as stated in the Country Programme Results and Resources Framework):

Outcome 1: Increased participation of civil society and citizens in decision-making for the development, implementation and monitoring of public policies

Outcome 5: Increased efficiency and effectiveness of the public administration to delivery basic services

Outcome indicator:

Outcome 1.5.: Increased efficiency and effectiveness of the public administration and decentralized governance structures to deliver basic services

Goal: Poverty reduction in Cambodia.

Purpose: Pro-poor local (sub-national) development (including an improvement in coverage and quality of local infrastructure and services, better local-level natural resources management and accelerated and broad-based local economic development).

¹⁹ IDLD was granted a no-cost extension until end of 2011(original closing date as per project document: 2010)

<p>Component 1: Supporting local innovation & development and experimentation of a “2-Tier Local Authority System”</p> <p><i>Indicators:</i></p> <ol style="list-style-type: none"> 1. District Councils (2-tier) are established in pilot districts 2. Integrated models of district administration are developed and piloted in selected districts 3. Delegation arrangements, between provincial departments and interim district authorities, for services delivery are developed and implemented in pilot districts 4. An integrated Commune/District planning process is developed and implemented in pilot districts 5. A fiscal model for the two-tiers Local Authority system is developed and implemented in pilot districts 6. Delegated services are satisfactorily delivered 7. Priority infrastructure investments are satisfactorily delivered by District authorities 	<p>Component 2: Support to the formulation and implementation of fiscal decentralization reforms</p> <p><i>Indicators:</i></p> <ol style="list-style-type: none"> 1. System-wide capacity for FD policy formulation and implementation is developed 2. Assist to improve sub-national transfer mechanism of C/S Fund 3. Improved S/N level budgeting and financial management 4. Improved S/N level revenue mobilization 5. A FD strategy consistent with the D&D Strategic Framework is developed 6. Options papers for Sector Decentralization are developed in the Education, Health, and WSS sectors 	<p>Component 3: Management support to Ministry of Interior and NCDD Secretariat</p> <p><i>Indicators:</i></p> <ol style="list-style-type: none"> 1. Management support to MOI and NCDD Secretariat (Management functions undertaken by MOI and NCDD) 2. A high-level SNDD program M&E framework is developed and adopted by RGC and donors stakeholders (top level indicators) 3. Evaluation of IDLD
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d) Programme status:

- IDLD was initially designed as a 2 year project, starting from May 2008. However, the actual implementation only started in December 2008 with the arrival of the Chief Technical Advisor. The board took note of this delay and established the running period of the project until December 2010 (as registered in the board meeting minutes of the 8th of June 2009). In early 2011, the project was granted a no-cost extension until end of 2011.
- With the project team fully on board, the year 2009 started with a thorough revision of the IDLD project document and the drafting of a detailed IDLD program of work 2009-2010 taking into account the changes in project environment since signature of the project document.
- The original Prodoc was finalized long before its implementation started. The D&D context/priorities changed substantially and so, even though the general objectives/areas of work for CDF did not change, specific activities/objectives were redefined in the three individual Annual Work Plans and related process (in agreement with the National Project Director and UNCDF).
- As much of development financing for LD activities is provided by other donors both within and outside the PSDD, the IDLD focuses essentially on institutional and policy development outputs, with only minor elements of capital financing, as they may be needed, for testing the proposed policy and institutional innovations.
- To date, IDLD has contributed to the D&D agenda in Cambodia by providing policy analysis and strategic technical support to national stakeholders in three key areas – sub-national planning, sub-national finance, and sub-national analysis. IDLD provided technical support to the RGC’s efforts to draft a sub-decree on sub-national planning and accompanying guidelines, and to design a sub-national finance system and a draft law on sub-national finance which have been subsequently endorsed by the RGC. In 2010, financial means were made available to three targeted Districts in order to test and amend the planning guidelines before extending the guidelines nationwide.
- In 2010, UNCDF launched the ‘Cambodia Local Development Outlook’ which analyzes local development trends in Cambodia, reviews policy and governance arrangements, finally provides options to accelerate local development which development partners can strategically and jointly provide support to. This study has been done in collaboration with various development partners engaged in advancing the D&D agenda in Cambodia.
- Finally during 2011 the Project began to focus on the piloting of Climate Change Resilience grants. Preparatory work has been carried out through IDLD.

C. Evaluation methodology and tools

a) Evaluation methodology

The methodology used for this final evaluation of the IDLD is based on an approach developed within UNCDF's Special Programme Implementation Review (SPIRE) initiative. This involves testing the intervention logic/development hypothesis underlying a programme against evidence on its implementation performance. Two main tools have been developed for this purpose:

- (1) Intervention Logic Diagrams for the Local Development area (which are further detailed in an Effects Diagram below):
- (2) An Evaluation Matrix, which contains 8 key evaluation questions that are used in all SPIRE exercises.

The findings are built incrementally through pre-mission deskwork resulting in the formulation of an Inception Report by the evaluation team leader (which, *inter alia*, reviews the relevance of the overall Intervention Logic and makes a judgment whether there will be a need to adjust the Assessment Matrix to the particular country context).

This deskwork phase is followed by mission assessments at the country level. The team's understanding of the programme design, and its emerging findings and recommendations are deepened through review and analysis of data and information, dialogue with the programme stakeholders and the service users in a series of interviews, focus group discussions and facilitated kick off and debriefing workshops.

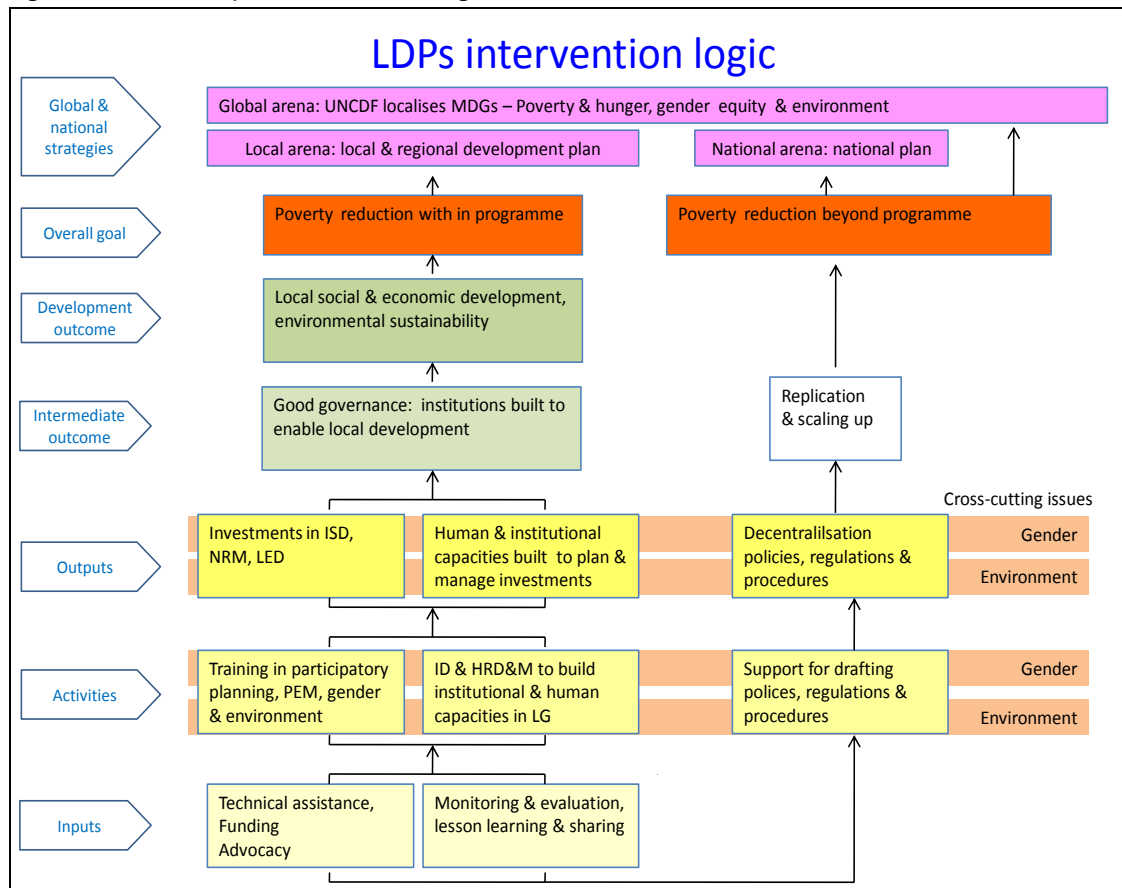
This approach concludes with a final report, which then leads to the formulation of a Management Response involving the relevant stakeholders. The final evaluation report and the Management Response are then uploaded into the UNDP Evaluation Resource Centre Database which is a public website.

b) Intervention Logic/Development hypothesis for local development in UNCDF

The *development hypothesis* underlying UNCDF's model of local development is that the efficiency and effectiveness of service delivery in LDCs will be increased and the level of poverty reduced by decentralising service delivery to democratic local government, using capital development funds to provide grants for investment in a small scale service infrastructure that is constructed and maintained either directly by local government or by communities and/or the private sector, with financial inputs and supervision from the local government.

This hypothesis gives rise to UNCDF's local development model, the intervention logic of which is illustrated in Figure 1 below. The three main outputs of the model are: 1) institutional capacity, particularly in public expenditure management (encompassing data collection and needs assessment, *participatory* planning, budgeting, procurement, management of project implementation, accounting and reporting) and public, private partnerships, 2) investments in local development in the form of infrastructure service delivery (ISD), natural resource management (NMR), and local economic development (LED) and 3) decentralisation policy, including fiscal decentralisation, and legal and regulatory frameworks. The intermediate outcome is good local governance. The purpose, or development goal, is local development in both urban and rural areas. The overall goal is poverty reduction. The programme contributes to the achievement of the MDGs within a country and thus, to UNCDF's *global strategy* of localising the MDGs. This is an ideal type from which any given country LDP may deviate to a greater or lesser extent. This logic has changed somewhat since the IDLD programme was designed but remains a point of reference for the evaluation.

Figure 2: Local development intervention logic



c) Evaluation Framework

The evaluation framework is based on the intervention logic described above. It sets out the chain of anticipated effects brought about by the programme's intervention. The framework traces the effects of the intervention from inputs to outputs, through outcomes and impacts, distinguishing the different areas of capacity building and service delivery. It traces how experience gained in the local arena informs replication, policy reform and national roll-out of the programme. It also shows how experience in the country relates to UNCDF's country and global objectives and informs future strategy debate.

It is important to note that while the evaluation framework lays out the overall intervention logic, the evaluations do not have the ambition to assess whether projects have achieved final outcomes or impacts. The methodology confines itself to responding to efficiency, effectiveness and relevance and likely sustainability concerns, as defined in the Evaluation Matrix.

d) Evaluation matrix

The Evaluation matrix for local development is based on the intervention logic described above. The questions posed in the matrix seek to establish whether the anticipated effects illustrated in the evaluation framework have actually been achieved. The matrix relates each question to indicators, tools and sources of information. The tools used by the team are documentary and data review, key stakeholder interviews, facilitated kick off and debriefing workshops, focus group discussions, community meetings and site visits.

The evaluation matrix is presented in Annex 3 in its general formulation, descending from the general evaluation framework and therefore applicable to different country programs. As described above with reference to the evaluation framework, the general matrix shall serve as reference tool and guidance in tailoring and applying question on the basis of the specificity of each program.

D. Contents and Scope of the Evaluation

Taking into account the implementation status of the programme and the resource disbursements made to date, the assessment team will assess the performance of the project in terms of the eight questions included in the evaluation matrix for local development (**attached in Annex 4**) and reproduced below:

Evaluation Questions for Local Development	Corresponding UN Evaluation Criteria
Question 1: To what extent is the programme relevant and well-designed?	Relevance
Question 2: To what extent has the programme contributed to increased capacities and improved systems at local and national government level?	Efficiency and Effectiveness
Question 3: To what extent has the programme contributed to sub-national planning, sub-national finance/ financial management and local development policy?	Efficiency and Effectiveness
Question 4: To what extent have LDF-funded investments contributed to enhancing opportunities for socio-economic development?	Effectiveness
Question 5: To what extent are programme results likely to be sustainable in the longer-term?	Sustainability
Question 6: How effective has management of the programme been at the Regional, national and local levels?	Efficiency
Question 7: To what extent did piloted approaches lead to up-scaling and replication as well as to policy developments?	Effectiveness
Question 8: To what extent did the programme enhance the partnership with the government and other donors at national and regional level?	Effectiveness

These eight questions have been drawn up with a view to focusing the evaluators' attention on the main results of project implementation to date, as well as important factors affecting project results such as project relevance and quality of design, project management, and the project's positioning with regard to other actors in the area of local development in Cambodia.

Each of the eight questions includes sub-questions (**see Annex 4**), which guide evaluators in what aspects of project performance they should be focusing on during their work. These sub-questions also include indicators, data collection methods and information sources, which should be used as a means to answer the overall evaluation question.

The eight evaluation questions will remain the same for evaluations of other local development projects in order to ensure comparability of results over a sample of different projects.

That said, the evaluation team should feel free to propose alternative sub-questions, indicators and data collection methods to fit the project in question. In choosing these sub-questions and indicators, the team should feel free to refer, where appropriate, to the indicators included in the Results and Resources Framework. The evaluation team may additionally be asked to incorporate specific sub-questions by the local project team depending on the context of the project.

These changes should be presented as part of the Inception Report and agreed by the Evaluation managers before the start of the in-country phase.

E. Evaluation Steps and Sequence

The evaluation will comprise the following steps after the Terms of Reference is concluded: the **Inception Phase**, **In-Country Phase**, the **Report Writing Phase** and the **Management Response phase**.

Inception Phase

- Partners consultations and briefing: The lead consultant will be briefed prior to the fieldwork by the UNCDF Evaluation Unit and Asia-Pacific Regional Office about the evaluation approach and expectations of the evaluation.
- Desk review of relevant documentation: A list of key reference documents and people to be interviewed is provided in Annex 2.

- Inception Report: the team leader will produce a brief report which outlines the intervention logic relevant to IDLD within the context of the overall development hypothesis set out for SPIRE, any modifications to the sub-questions contained in the Assessment Matrix and preliminary conclusions reached from the review of documentation. Updated timeline for deliverables will be also be included. On the basis of evaluators' reading of project documents and interviews with key programme staff, the evaluators will propose a simple representation of the actual intervention logic IDLD has turned out to be (in terms of activities, outputs, outcomes and intended impacts). Then, evaluators should ensure that the evaluation matrix is best set up to capture the actual intended results of the projects by adding/or taking out relevant sub-questions.

In-country phase

- Hypothesis workshop conducted by the team leader with the rest of the team to ensure common approach to the evaluation process.
- Finalization of work plan: the team will review the draft workplan (Annex 1) with the in-country evaluation support team and make any adjustments they see fit, taking into account practical and logistical considerations.
- In-country briefing: The Team will be briefed on the first day of the mission by programme stakeholders. Where feasible, the team should meet with the in-country Advisory Group that has been set up to support the evaluation process.
- Fieldwork: Conducted in the capital and locations where supported local authorities are based. As far as possible, the Evaluation Team should discuss findings with beneficiaries and stakeholders at each stage of the evaluation and obtain their feedback.
- Findings are shared with the in-country UNCDF team prior to the national debriefing.
- Preparation for National debriefing -Aide Mémoire/Power Point presentation: On the basis of its findings, the Evaluation Team will prepare an *aide mémoire*, which will be shared, through the in-country evaluation focal point, with all key stakeholders as a basis for discussion.

Debriefing

- National Debriefing: At the meeting, the team will present their key findings and recommendations to key stakeholders for discussion. The minutes of the meeting will be taken by the in-country support team and submitted promptly to the UNCDF Asia-Pacific Regional Office and all key stakeholders for their consideration in drafting the final report.
- Draft report and Summary: The lead consultant will submit a draft evaluation report and Evaluation Summary to the UNCDF Asia-Pacific Regional Office, which will circulate the draft to all key stakeholders for written comment
- Global Debriefing: A final debriefing at UNCDF Regional Office via teleconference will be provided by the lead consultant. The debriefing will be chaired by the Head of Regional Office of UNCDF and other stakeholders will also be invited to attend. The Regional Office will be responsible for writing up minutes of the debriefing, which will be submitted promptly to the lead consultant for consideration in finalizing the evaluation report and summary.

Report Finalization Phase

- The Final Report will be submitted by the lead consultant to the UNCDF Asia-Pacific Regional Office, who will disseminate it to all key stakeholders. **This final report will include an Annex in which the Evaluation Team will present the findings, recommendations and issues for consideration and response by the programme managers.** The standard Management Response template, available on the UNDP Evaluation Resource Centre (ERC) database, will be used for this purpose.

Management Response Phase

- Management Response: the Director of the Practice Area will be responsible for facilitating the formulation of a Management Response to the findings and recommendations by relevant stakeholders **within 30 working days** of receiving the final report from the Evaluation Unit. The Management Response will be submitted to the Deputy Executive Secretary for approval and then noted by the Executive Secretary. The completed Management Response will be uploaded into the UNDP ERC database by the UNCDF Evaluation Unit, together with the completed report. Progress in terms of implementing action agreed to in the Management Response is the responsibility of the Directors of the Practice Areas.

Deliverables

The Team Leader is responsible for preparing and submitting the following deliverables:

- An **Inception report** is prepared and shared with the UNCDF Asia-Pacific Regional Office and other key stakeholders in the period prior to the fieldwork
- **Aide Mémoire/Power Point Presentation**: A summary of key evaluation findings and recommendations prepared towards the end of the evaluation and submitted to the project secretariat and the UNCDF Asia-Pacific Regional Office before the Evaluation Consultation meeting.
- **Draft Evaluation Report**: The lead consultant is responsible for consolidating the inputs of team members, and taking into consideration comments received at the in-country evaluation consultation meeting, to produce a coherent Draft Evaluation Report and Evaluation Summary, according to the format in **Annex 3**.
- **Final Evaluation Report and Management Response**: Based on comments received on the Draft Evaluation Report, and at the UNCDF evaluation debriefing, the lead consultant will finalise the evaluation and summary, with input from the other evaluation team member, as required, and submit the Final Evaluation Report and Summary to the UNCDF Asia-Pacific Regional Office within five days of the receipt of the minutes of the UNCDF evaluation debriefing, or by the agreed date.
- **Evaluation Summary**:
The Evaluation Team's contractual obligations are complete once the UNCDF Evaluation Unit has reviewed and approved the Final Evaluation Report for quality and completeness as per the TOR. Monitoring of progress of the assignment will be done based on status of the deliverables and activities as presented in the *Evaluation Steps and Sequence* above.

F. Composition of Evaluation team

1. Consultant profiles and responsibilities

The Final Evaluation is to be conducted by a team of two consultants (i) Team Leader (International) (ii) Team member (National).

i. Profile specifications for Evaluation Team Leader

- International consultant with strong international comparative experience in the field of decentralization and local development including: fiscal decentralization; decentralized infrastructure and service delivery; local government capacity building for decentralized public expenditure management and operationalization of decentralized systems of planning and budgeting; policy, legal and regulatory reform related to decentralization; rural development.
- Experience leading evaluations of decentralization and local development programmes, including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual/household, institutional, sector and policy level.
- Sound knowledge and awareness of issues related to gender and social inclusion.
- Thorough understanding of key elements of results-based programme management.
- Demonstrated capacity for strategic thinking, and excellent analytical and writing skills.
- Strong task management and team leading competencies.
- Experience or knowledge of decentralization in Cambodia and/or regional experience in the area of decentralization would be considered as an advantage;
- Master's degree or higher on governance specializing in public administration, decentralization, local governance and other relevant fields;
- At least 15 years of professional experience in decentralization and local development, especially in developing countries;
- Fluency in English, in speaking and writing. Knowledge of Khmer would be an asset.

Responsibilities of the Evaluation Team Leader:

- Documentation review
- Inception Report
- Leading the evaluation team in planning, execution and reporting (hypothesis workshop, Inception workshop, kick-off and feedback meeting, national and global debriefings).
- Deciding and managing division of labour within the evaluation team
- Use of best practice evaluation methodologies in conducting the evaluation
- Conducting the initial debriefing for UNDP and UNCDF and the debriefing for UNCDF Regional Office

- Leading the national debriefing for project stakeholders in Cambodia
- Leading the drafting and finalization/quality control of the evaluation report
- Preparing the Management Response template in terms of Findings and Recommendations
- The team leader will allocate roles and responsibilities within the team, including meeting schedules and drafting duties, and be responsible for timely delivery.

G. Workplan for the Evaluation mission

The in-country team will provide a tentative workplan using the format provided in Annex 2. This will be finalized during discussions with the team leader/member.

Below is an estimation and subject to change depending on finalization of workplan:

i. Workplan for Team Leader:

Inception phase (6 days- home based)

1. Desk Review/ Pre-mission briefing

In-country phase (6 days – Cambodia based)

2. Arrival in Phnom Penh
3. Initial consultations
4. Inception workshop in Phnom Penh
5. Meetings with various GOV and DPs counterparts
6. Field visit to Takeo Province (where IDLD held pilots)
7. De-brief
 1. National level debriefing
 2. Final in country wrap up with UNCDF

Finalization phase (6 days – home based)

8. Debriefing to UNCDF Regional Office
9. Feedback requested from stakeholders
10. Completion of Final Report including synopsis
11. Completion of Management Response matrix with recommendations (response to be completed by UNCDF)

*) Without annexes

Annex 2 : Mission work plan and List of persons interviewed

The evaluation was carried out in the following timeframe and work-plan :

- Mo 7/11 to Fr 11/11/2011 : home based desk review and initial briefings via teleconferences, leading to the preparation of an inception report presented on Fr 11/11 – on which comments were received on Sunday 13/11 and a revised/final inception report being presented on Wednesday 16th of November
- Mo 14/11 – International travel
- Tu 15/11 – Fr 18/11/2011: Interviews in country
- Mo 21/11/2011: Debriefing with Government (NCDD) in the presence of the UNCDF/RO manager and evaluation manager
- Tu 22/11 – Fr 2/12/2011: Home based report writing (5-7 working days)

The table below provides an overview of the people interviewed / spoken with :

Interviews during desk review period :

Tu 08 Nov 2011	Meeting Details	
3:00 - 4:30	Telephone briefing with David Jackson, Head of Office (BKK), Christopher Kaczmarek, Regional Technical Advisor (BKK), Hee Sung Kim, M&E Officer (Seoul)	
10:00-11:00pm	Interview with Mr. Eric Lampertz, (former) UNCDF Programme Officer for IDLD	
We 09 Nov 2011		
	Telephone briefing with Andrew Fyfe, Evaluation Advisor and Laurence Reichel, Evaluation Officer of UNCDF Evaluation Unit	
Th10 Nov 2011		
	Telephone interviews with Nicola Crosta, Chief Technical Advisor - UNCDF	

Interviews during field period :

Tu 15 Nov 2011	Meeting Details	Location
08:30 - 10:00	Meeting with Thach Savy (former FD Adviser) on History of IDLD and other logistic arrangements	NCDDS
10:00 - 11:00	Meeting with HE Ngan Chamroeun, Deputy head of NCDDS, to announce about the starting of IDLD Evaluation and to continue with interview	NCDDS
11:30 - 12:30	Meeting with Ms. Sok Chanchorvy, Head of Governance Cluster of UNDP, and Mr. Kuntheara Tep, Programme Analyst of UNDP Governance cluster	UNDP
14:00-14.30	Meeting with Ms. Reiko Kurihara, CCCA Trust Fund administrator, Ministry of Environment	MoE
16:00-17:00	Meeting with Ms Judith Leveillee, Chief of Seth Koma, UNICEF	UNICEF
22h00	Follow up call with Mr. Eric Lampertz	
We 16 Nov		
09:00-10:00	Meeting with HE Chou Kim Leng, Undersecretary of State of MEF/Head of Sub-Program Management Unit of SP4-IP3, and Mr. Bou Vong Sokha, Deputy Director of Local Finance Department	MEF
10:30-11:30	Meeting with Mr. Chamroen Ouch, Senior Programme Officer, ADB	ADB

15:00-16:00	Meeting with Mr. Sor Vorin, Deputy Director of Local Administration Department of Mol	NCDDS
16:00-17:00	Meeting with Mr. Scott Lieper, Senior Programme Advisor, NCDDS	NCDDS
Th 17 November		
08:00-09:00	Meeting with Jennifer Lean, First Secretary of AusAID Cambodia	AusAid
09:30-10:30	Meeting with Julian Abrams, UNCDF Consultant (planning)	UNDP
10:30 – 11:00	Khieng Sobunthoeun, former SDDP officer in Takeo, now sub-national service advisor, NCDD	Kimchoeun
11:00-12:30	Brendan O'Driscoll, UNDP/NCDD	Gerhard
12:30-14:30	Traveling to Takeo	
15:00-17:00	Meeting with <ul style="list-style-type: none"> ▪ Mr. Un Vanna, Deputy Chief Administrator of Takeo, ▪ Mr. Seng Pho, Senior Programme Advisor of Takeo, ▪ Mr. Um Phynann, Provincial IP3 Advisor Meeting with <ul style="list-style-type: none"> ▪ Administrator of Doun Keo Municipality and his team 	
17:00-19:00	Traveling back to Phnom Penh	
20h30	Follow up discussion with Nicola Crosta	By skype
Fr 18 Nov		
09:00-10:00	Meeting with Maria Fariello, Attaché Democracy and Good Governance, Delegation of the European to Cambodia	EU, Gerhard
09:00-10:00	Mr. Bou Vong Sokha, Deputy Director Local Finance, MoF	MoF, Kimchoeun
10:00-11:00	Meeting with Anne Lemaistre, Representative of UNESCO	UNESCO
11:00-12:00	Meeting with Janelle Plummer, Senior Governance Specialist, World Bank	World Bank
12h30	Lunch with Katharina Hubner, GIZ	Gerhard
14:00-15:00	Meeting with Mr. Thach Savy, Fiscal Decentralization Policy Advisor	NCDDS
15:30-17:00	Meeting with Ms. Elena Tischenko, UNDP Country Director	UNDP building 5
18:00	Mohammed El Mensi, UNCDF consultant (Finance)	
Su 20 November		
	Meeting Details	Location
9h00- 10h30	Meeting with HE Ieng Aunny in Phnom Penh	
19:00-21:00	Skype call with Leonardo Romeo	
Mo 21 November		
		Location
10:30-12:00	Debriefing Meeting	NCDDS
Tu 22 November		
		Location
12:30	Meeting with Joanne Morrisson, former UNCDF staff responsible for IDLD preparation	Nairobi, Gerhard

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Annex 4 : Copy of PPT-presentation – debriefing NCDD on 21/11/2011



CAMBODIA

**INNOVATIONS for DECENTRALISATION
and LOCAL DEVELOPMENT (IDLD)**

Final project evaluation
using **Special Programme Implementation Review approach (SPIRE)**

in-country debriefing / to test initial ideas and get additional input

Monday 21st November 2011
Gerhard van 't Land & Kimchoeun PAK

As an introduction

End of project Evaluation

- Commissioned by UNCDF / it follows UNCDF SPIRE approach
- But Government is also a beneficiary of the evaluation
- Objectives of the assignment reflect this (see slide below)

SPIRE : Special Programme Implementation Review approach

- UNCDF standardized methodology for evaluations
- Eight main evaluation questions – some 40 sub-questions that can be dovetailed to project
- We formulated our own 7 main questions that are integrated in the foregoing

Work-programme

- Five (5) days home based preparation (leading to IR with framework of project rationale and revised set of evaluation questions)
- Four (4) days in-country interviews last week – including ½ day in Takeo
- We interviewed around 25 people : Government, DPs, (former) project staff, consultants

Caveat : *But it remains a snapshot - looking from outside in -*

2

Annex 5 : Summary responses to 8 main SPIRE evaluation questions

Question 1: To what extent is the programme relevant and well-designed?

Overall, and considering the present discussions around the D&D reform and the answers being sought in the 'next steps' (see Chapter 2), the original project design was highly relevant, and with some tweaking of the activities to be undertaken, would have remained highly relevant, even after the adoption of the Organic Law. However, during implementation, and initiated by decision of the project team, notably the teamleader, the project almost immediately started to drift away from its original design – a process that later got its own momentum. As a result, the original design was never really implemented as only the shell of the three original components remained.

Question 2: To what extent has the programme contributed to increased capacities and improved systems at local and national government level?

Instead of working towards systems development through piloting and testing at the local level, the project rather worked on systems development (or procedure development) from the other way around, that is working on guidelines and decrees, notably with regards to planning and sub national financing, under its revised Components 1 and 2 respectively. In its relationships with other parties, on the other hand, the project was mostly focused on –on the one hand, the NCDD and the group of DPs on the other, whilst relationships with, for example line ministries, and to the less degree, the Ministry of Finance, were limited (a the discussions on the functional assignments did not take place).

Question 3: To what extent has the programme contributed to sub-national planning, sub-national finance/ financial management and local development policy?

Through expert advice, rather than through piloting, being UNCDF's traditional trademark within Local Development, the IDLD contributed to systems development for sub-national planning and finance, by making a contribution to putting in place the required legislation, in particular on planning and sub-national finance. Another major contribution was through the development of the "Local Development Outlook – Cambodia". Various interviewees appreciated the analytical part of the document – thereby often referring to the eye-opener of the urban-rural linkages. Those new in the country –notably DP representatives-, referred to it as a resource-book. However, the policy recommendations contained in the document seem to be that wide ranging – that few, if any of them had really stuck – although this may be too early to judge. Despite the high profile presentation, which was reported on the front pages of national news papers and the UN-portal, local dissemination has been limited by the fact that to-date no *Khmer* version of the document is available, while the *Khmer* version of the Executive Summary has not been widely made available and might not have been an effective mechanism to deliver the message the report intends to do.

Question 4: To what extent have LDF-funded investments contributed to enhancing opportunities for socio-economic development?

The IDLD used some of its funds in three sub-national administrations in Takeo province to test the developed planning guidelines. The funds were used for traditional investments (infrastructure) and service delivery as well as capacity building. Strictly speaking, the funds were not considered a 'grant' but a 'capacity development fund', the impact of which was estimated to have been fairly limited as in two of the three SNAs the amounts also covered the allocations for the District Fund (for which the planning was already done) – while the funds only covered one planning cycle, whereby the observed rate of expenditure was fairly slow.

Question 5: To what extent are programme results likely to be sustainable in the longer-term?

For the outputs related to planning and sub-national finance (guidelines and decree), they are sustainable beyond the life of the project, as they have found their way into official legislation. Something similar is likely to happen with inputs provided in drafting the legislation for the 'District Municipal Fund'. The in-country sustainability of the National *Local Development Outlook - Cambodia* is more questionable, as it was a product "UNCDF prepared for the RGC" – hence not ingrained in any local (that is Cambodian) systems or processes – and as such its sustainability lies 'outside the country'. The situation for the *Development Outlook for Takeo Province*, prepared "by UNCDF in partnership with Takeo Provincial Administration and NCDD", is somehow different. The document has a stated purpose to "provide a strategic input to the sub-national planning process in Takeo, which includes the preparation of the 5-year development plan as well as the investment programmes to be prepared by Takeo sub-national authorities during 2011". For this product to become sustainable, however, it needs to become part of the RCG sub national planning framework.

Question 6: How effective has management of the programme been at the Regional, national and local levels?

The IDLD Advisory team that has been put in place by UNCDF (being a team-leader and a fiscal decentralization advisor) was widely appreciated for its commitment, diligence and knowledge of the topics they were dealing with. The team-members had complementary skills and networks, with the PMA having an inclination towards the DP community, while the FDA had good contacts within government. For the work in Takeo, however, some people interviewed raised the issue of delays and required funds (including operational funds) not being available in time, which was –for the grant payment- due to both delays in processing the plans and a difference in view between project and RO regarding the modality to be used.

Question 7: To what extent did piloted approaches lead to up-scaling and replication as well as to policy developments?

The project outputs in the field of planning and finance as described above have been 'up-scaled' as national practice through the national legislation / guidelines. As no piloting took place under Components 1 and 2, the main areas of innovation of the IDLD as implemented are the National Outlook document, whose replicability largely lies outside Cambodia and also largely beyond the scope of the IDLD evaluation. For the sub-national LD outlook documents there is –also within Cambodia- certainly potential for replicability – provided it will become part of the national planning framework whereby a differentiation is to be made between area based planning (involving various parties) and planning by the sub national governments for issues within their mandates.

Question 8: To what extent did the programme enhance the partnership with the government and other donors at national and regional level?

The linkages with other government institutions were rather limited. It is acknowledged that, traditionally in Cambodia, linkages across government institutions are 'difficult' and –apart from the relations towards the DP circles-, the IDLD seemed very much 'cocooned' within NCDD, with limited interaction with –for example- the Ministry of Finance (which complained about being left out from fully benefiting from IDLD), while also the engagement with Line Ministries was limited.

Annex 6 : Management Response

UNDP Management Response Template

[Name of the Evaluation] Date:

Prepared by:

Position:

Unit/Bureau:

Cleared by:

Position:

Unit/Bureau:

Input into and update in ERC:

Position:

Unit/Bureau:

Overall comments:

Evaluation Recommendation or Issue 1:				
Management Response:				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking*	
			Status	Comments
1.1. description activities, then specifics as needed a. b.				
1.2				
1.3				
Evaluation Recommendation or Issue 2:				
Management Response:				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
2.1. description activities, then specifics as needed a. b.				
2.2.				
Evaluation Recommendation or Issue 3:				
Management Response:				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
3.1 description activities, then specifics as needed				

a. b.				
3.2				
3.3				
Evaluation Recommendation or Issue 4:				
Management Response:				
Key Action(s)	Time Frame	Responsible Unit(s)	Tracking	
			Status	Comments
4.1 description activities, then specifics as needed a. b.				
4.2				
4.3				

* The implementation status is tracked in the ERC.

