



Unofficial
translation

Kingdom of Cambodia
Nation Religion King



Royal Government of Cambodia
National Committee for Sub-National Democratic Development
(NCDD)

CONCEPT NOTE
FOR THE DESIGN OF THE SECOND PHASE OF THE NATIONAL
PROGRAMME ON SUB-NATIONAL DEMOCRATIC DEVELOPMENT
(2021-2030)

November 2020

Table of Contents

I. Introduction

II. Achievements and Challenges

1. Achievements
2. Challenges

III. Vision of the SNA Reform by 2030

1. SNA Structures and Functions
2. HR Management and Development
3. SNA Financial Resources
4. SNA Planning and Budgeting
5. E-Governance
6. Accessibility, Transparency and Accountability

IV. Goal and Objective of the NP2

1. Goal
2. Objective

V. Programme Strategy

VI. Programme Components and Cross-Cutting Issues

A. Programme Components

1. Leadership and Management of the Reform
2. SNA Structures and Functions
3. HR Management and Development
4. Fiscal Decentralization and SNA Planning System
5. Service Delivery and Local Development

B. Cross-Cutting Issues

1. Gender and Social Equity and Inclusiveness Mainstreaming
2. Climate Change and Disaster
3. E-Governance

VII. Programme Management and Implementation

1. Implementation and Management Mechanism
2. Funding
3. Monitoring and Evaluation

VIII. Workplan for the Design of the National Program

I. Introduction

RGC recognizes that governance reform is essential to achievement of its economic and social goals in order to advance Cambodia becomes as a high middle-income country by 2030 and as a high-income country by 2050. Accordingly, RGC is engaged in broad and deep modernisation of the governance system through measures that include the National Program on Sub-National Democratic Development (NP-SNDD), Public Financial Management Reform (PFMR) Programme, the National Public Administration Reform Programme (NPAR), , Legal and Judicial Reform Program (LJR) and sectoral reforms.

The reform program on sub-national democratic development began with the establishment of Commune/ Sangkat (CS) Councils that were elected in 2002. Based on experience and success of the reform at Commune/ Sangkat level, the RGC put in place the Strategic Framework on D&D Reform in 2005 based on which the Law on Administrative Management of the Capital, Provinces, Municipalities, Districts and Khans was developed and approved in 2008 laying a foundation for expanding the CS level reform to the Capital, Provincial, Municipal, District and Khan administrations.

To provide a roadmap for the implementation of the organic laws on the administrative management of the sub-national administration, the RGC formulated a ten-year national program on sub-national democratic development (2010-2020). This national program will come to an end in 2020. Major achievements of the program include establishment of SNA democratic structures and functions, transfer of functions for service delivery and local development to SNAs, implementation of financial decentralization, building capacity of SNAs and strengthening role of women in governance process as well as providing public service delivery in response to priority needs of women and other disadvantaged groups. The implementation of this national program, however, has encountered key challenges with the result that the vision and goals of this program have not yet been fully met.

In continuing to address the above challenges, to continue and deepen the implementation of the D&D reform, to contribute to the implementation of the Rectangular Strategy Phase IV, the RGC has decided to design the next phase of the national program on sub-national democratic development with a ten-year period from 2021-2030.

This concept note serves as basis and directions for designing the next phase of the national program and has been designed in consultation with ministries, institutions, SNAs, Development Partners (DPs), Civil Society Organizations (CSOs) and relevant stakeholders; and reviewed in a meeting of NCDD prior to submitting to the RGC for review and approval.

This concept note presents vision, goal, objectives as well as key priorities and a framework for the design and the implementation of the next phase of the national program. This Concept Note has been formulated with wider discussions and consultations with NCDD ministries/ institutions, relevant ministries/ institutions, SNAs, DPs, CSOs and other stakeholders as well as with discussions and consultations in the national workshop prior submission to the head of the Royal Government for review and decision. This Concept Note describes visions, goal, objective, strategy for implementing the national program, core program components including major outcomes and priority activities, and management and implementation arrangements for the second phase of the national program (2021-2030).

II. Achievements and Challenges

1. Achievements

The implementation of the reform program on sub-national democratic development has accomplished major outputs as followings:

- Democratic structures and systems established at all SNA levels which include SNA councils established through elections, SNA administrative management restructured and procedures for the implementation of functions of the SNAs such as procedure for conducting meeting and making decision of the councils, procedure for organizing the public forum by the council and financial and administrative procedures to enable the SNAs in providing public services and local development to respond to the needs of the citizens in their jurisdiction in effective, transparent, accountable and equitable manner. In 2019, the DMK administrations have been restructured in accordance with the principle with unified administration through the integration of the line offices and units of 20 ministries into the administrative management of the DMK administrations,
- SNA staff management systems developed and put in place to empower SNAs in the management, administration and use of their staff, with approximately 40,000 staff being transferred to SNAs. Capacity development on their roles, responsibilities and working procedures provided to these staff through short course training, workshops and on-the job training. Additionally, National School of Local Administration (NASLA) has been established to provide capacity development to the SNAs,
- 55 functions in 20 sectors have been transferred to DMKs and functions in social affairs and health sectors have been transferred to CPs in accordance with the principle of decentralization in order to move the service deliver closer to the local communities and timely respond to the needs of the citizens. One Window Mechanism at CP and DMK administrations to improve access and use of administrative services of the citizens has been established,
- SNA decentralized financial management systems such as DM and CS financial management systems established and put in place to manage, administer and use financial resources in an effective, transparent and accountable manner. The financial resource transfer systems include unconditional financial resource transfer system to SNAs, for instance the DM Fund and CS Fund, and conditional financial resource transfer systems such as SNIF and the fund transfer mechanism for implementing the transferred functions as well as the tax sharing system between the SNAs. Within the framework of fiscal decentralization and success of the public financial management reform, up to 2020 the RGC has transferred state budgets with a total amount of US\$ 3,800 million to the SNAs for discretionarily managing, administering and using these budgets to respond to the needs of the citizens in the local communities,
- SNA planning systems developed and put in practice which include 5 year development planning and 3 year investment programming in accordance with characteristics of each administration to promote use of the SNA resources and respond to the priority needs of the citizens in their jurisdiction in an effective, accountable and socially equitable and inclusive manner,
- Democratic accountable mechanisms developed and put in practice such as CP and DMK Ombudsman Offices established in the whole country to receive and handle the complaints outside the court system related to the functioning of the SNAs and the development of the social accountability framework in close cooperation with CSOs to provide important information related to use of CS funds and sectoral units as well as to enable the citizens to engage in monitoring, and providing feedback to improve performance of the CS councils and services provided by the sectoral units such as

- primary schools and health posts,
- With their structures, functions and resources, the SNAs have provided around 600 administrative services and implemented approximately 2,000 small-scale infrastructure and social service projects per year in responding to the local needs and contributing to improved livelihoods for the people.
- The National Committee for Sub-national Democratic Development (NCDD) was established to lead, coordinate and support the formulation and implementation of the decentralization and deconcentration (D&D) reform program. Under the framework of this mechanism, the NCDD has mobilized financial and technical assistance from Development Partners (DPs), private sector and CSOs to support this reform program. Under the leadership and coordination of the NCDD, 23 relevant ministries and institutions and SNAs in the whole country have actively participated in the implementation of the D&D policy. The National Association of CP Councils and the National League of the DMK and CS Councils have been established, with a total of 15,686 members, to act as a mechanism to represent the SNA councils in the country, to protect, support and serve legal benefits of the SNA councils,
- Women responsive regulations developed and women in leadership at SNAs promoted especially a policy on promotion of gender equality for sub-national democratic development and the strategic plan on increase of women in management positions at SNAs. Gender audit on SNA management system and capacity development for CP and DMK management positions on social equity and inclusiveness conducted. Each of the sub-national administration levels established CP and DMK women and children consultative committees (WCCCs) and CS committees for women and children affairs (CCWCs) which serve as important mechanisms for responding to the priority problems and needs of women and children and other disadvantaged groups.

2. Challenges

Besides the above achievements the implementation of the NP1 has encountered key challenges as summarized below:

- This important D&D reform program has been implemented for nearly 2 decades however understanding about this reform by the government organizations, the CSOs and the public is limited; and there are also major differences in understanding of vision and objectives of this reform,
- Although SNA structures and systems have continuously been reviewed and revised, but these structures and systems are not appropriate to the specific characteristics of each SNA such as metropolitan (Phnom Penh Capital), urban area (Municipalities and Sangkats) and rural areas (districts and communes) as well as in accordance with the geography, demography and socio-economic potentials of each SNA,
- During the NP1, DM administrations and CS administrations were established and became local administrations having important roles in providing necessary public services directly to the people. The provincial administration was planned to be established as regional administration responsible for supporting, monitoring, capacity building and providing services and developing large-scale infrastructure projects which the local administration is unable to do it. The study on establishment of the regional administration, however, has not been conducted.
- SNA councils have not fully performed their role as policy-making body on their plan and budget as well as representative of people in their jurisdiction with effective manner. In this regard it requires that the process and methods for capacity development for the councils need to be improved so that they can perform this role effectively. Although remarkable progress has been made in areas of social accountability and establishment of Ombudsman Office, but the citizens still have

- limited knowledge about their rights in holding the councils accountable to them,
- Although substantial progress has been made in transferring responsibility for service functions to SNA, the division of powers, roles and responsibilities for implementing the transferred functions in delivery of necessary public services between the national level and SNA and between the SNA and SNA has not been clear in accordance with the decentralization policy “to move public services closer to the people”. This has proved difficult for the people who seek to use and get access to the basic services,
 - The management and use of DM discretionary fund have yet been as effective due to limited autonomy of the DMs as provided by current regulations. In this respect, it is required to review and revise those regulations to provide autonomy with necessary measures in order to strengthen DM leadership in managing and using their discretionary resources in an appropriate and effective manner,
 - Although there is a substantial progress regarding transfer to the DMKs but the transfer of staff, financial resources and assets for implementing these functions are not appropriate comparing to the scope of transferred functions and also the transfer process of these resources has not been implemented smoothly,
 - Management and implementation of service delivery supported by fees have encountered a number of challenges. For example, the urban solid waste management function which has been transferred to the Capital, municipalities and districts has not yet been implemented properly and requires strengthening the support mechanism, capacity development and responsibilities of those administrations,
 - Even though financial resources have increasingly been transferred to the SNAs, but the volume of these resources is not appropriate with the transferred functions and responsibilities of the SNAs in responding to needs and priorities of the local people. In this regard, there is a need to review the resource transfer mechanism as well as formula and criteria for allocating financial resources to the SNAs in an equitable manner in order to narrow the gap between urban area and the rural area.
 - Besides the systems of staff management and human resource development of the SNAs have been established and put in place but the capacity of the SNAs is still limited. Many SNA staff still do not clearly understand their functions and responsibilities as well as lack of specific training and motivation or strict implementation of disciplines in staff performance,
 - Nowadays, the information technology has developed fast and become used widely in the work management system, information sharing and public communication. The SNAs, however, perform their duties using traditional administrative system, resulting in difficulty and delay in access to services and communication of the people.

III. Vision of the SNA Reform by 2030

This section of the Concept Note sets out a vision of what the system of sub-national governance will look like in 2030 on completion of the NP2. In doing so, it explains how the challenges identified in Section II above will be overcome. However, the vision is forward-looking, its primary purpose is to define the intended “destination” of the NP2.

The RGC, based on its policy, has a vision for the SNA reform in next 10 years is that “*citizens have improved access to public services and benefit from local development provided by the SNAs in a socially equitable and inclusive manner and eventually contribute to achievement of socio-economic objective in advancing Cambodia to middle high income country in 2030.*”

Therefore, this section focuses on describing SNA governance systems which include institutions, functions, capacity and administration systems that will be developed and put in implementation during 10-year period as followings:

1. SNA Structures and Functions

By 2030 the structures, functions and inter-institutional coordination of each type of SNA will be rationalised with a focus on strengthening ownership, responsibility and clear division of accountability.

The division of responsibilities between SNA and Ministries will be clearly defined, understood and accepted. Within the basic structure of Capital/ Province, District/Municipality/Khan and Commune/Sangkat, new types of administration will be introduced appropriate to needs and there will be greater differentiation between SNA with urban or rural characteristics.

In assigning functions between Ministries and the different levels of SNA will be done in respect to the principle that *services should be delivered from the level that maximises economic efficiency and responsiveness to local needs*. The ministries and institutions will be responsible for developing policies, strategic plans and standards of services, providing support, monitoring and evaluation on the implementation of public service delivery and local development. The SNAs are mainly responsible for managing, administering and providing public services and local development in response to the local needs within their jurisdiction and in accordance with the principles and regulations.

Based on the current structures of CPs, DMKs and CSs, there is a need to develop a new administrative structure which is increasingly appropriate and responsive to needs of the citizens and different characteristics between the urban and rural areas. In general, urban services will be provided by the urban type of administrations (Capital, municipalities and Sangkats) whereas rural services will be provided by the districts and communes. In this sense, each type of SNAs will be structured with administrative management systems as followings:

Capital Administration: the Capital Administration will be established as a metropolitan administration with a different management structure from provinces and other municipalities in accordance with the principle of the unified structure, able to plan strategically and implement investments and services in an efficient, coordinated way across the capital territory. The metropolitan capital administration will have sufficient powers to plan strategically and implement investments and services in an efficient, coordinated way across the capital territory. The Capital Administration responsibilities will include urban planning, internal transport infrastructure and other urban infrastructure, public transport, traffic management and some functions related to peace keeping, public order and other functions additional to the transferred functions.

The plans and budgets of the Khan and Sangkats in the capital territory will be integrated in the plans and budgets of the Capital Administration. Administrative and service functions that do not require cross-territory coordination or benefit from economies of scale will be delegated to Khan, while administrative services will be largely delivered through One Window Service offices at the Sangkat.

Provincial Administrations: the Provincial Administrations will be restructured as regional administrations in accordance with the principle of unified administration, and with important functions including strategic development planning and investment programming, support, coordination, legality control, monitoring and evaluation on performance of the local administration (Municipalities, Districts and Communes Sangkats), implementation of large functions which cannot be implemented effectively by the Municipalities and Districts; and implementation of other functions in the capacity of the RGC and ministries/ institutions.

District and Municipal administrations: District and Municipal administrations will be restructured as local administrations that have appropriate autonomy and responsibility in managing, administering and implementing their functions, financial resources, assets and human

resources in accordance with development of urbanization, commerce and economic potentials. District and Municipal administrations will administer most public services to citizens. Most technical officials responsible for local service delivery will work at this level.

Compared to the present situation, Districts and Municipalities will be more strongly differentiated from each other (and from Khan within the Capital) based on levels of urbanisation, commercial activity, own-source revenue potential etc. Municipalities will prioritise urban planning and management of networked urban services such as public transport, urban streets, sewerage, solid waste management. Districts priorities will include agriculture and rural development including the lower levels of the rural road network, rural water supplies and sanitation and solid waste management.

Commune and Sangkat administrations: Commune and Sangkat administrations are local administrations and are the first point of contact for citizens with government and will directly deliver key administrative services. Communes and Sangkats will be mandated to provide a range of administrative services to citizens and will be responsible for some local functions in education, health and social services as well as for development, operation and maintenance of infrastructure. Communes and Sangkats will continue to be responsible to plan and implement local development projects within their general mandate, based on citizens' needs and priorities identified through participatory planning.

In each type of SNA, the Council will become increasingly important as the authority for strategic oversight of the administration, approval of plans and budgets, local legislation and for political accountability to citizens. The committee structures of Councils will be reformed to facilitate these roles.

SNAs at all levels will develop and implement strategies to mainstream cross-cutting issues including climate change response, disaster preparedness, control of pandemic diseases, social equity and women's economic empowerment.

The establishment of SNAs in accordance with the above visions requires reviews of relevant laws and regulations and then revise them as necessary after conducting consultations widely with relevant stakeholders during the implementation of the NP2.

Central government will retain all key functions necessary to national security, ensuring macro-economic stability and setting the strategic direction of national development, as well as directly managing strategic infrastructure, services and investment planning. In relation to decentralised functions, central government will reserve powers sufficient for ensuring alignment of SNAs with the national policy framework, ensuring efficient use of budget resources, setting service delivery standards, coordination, support and capacity development of SNA and inspection and legality control functions. The framework for exercising these powers will be further developed and defined by the NP2.

Cambodia is a unitary state and all powers and functions of SNA are assigned or delegated by legislation which can be reversed if necessary. Central government will retain all key functions necessary.

2. SNA HR Management and Development

BY 2030, all SNAs will have enough staff with appropriate qualifications, skills and experience. Staff will have clear job descriptions and their performance will be evaluated annually based on clear and objective criteria. All staff will be organised in clear management lines. The decision-making authority of managers at each level will be clear and will facilitate timely and efficient administration.

SNA staff will have a strong professional ethos and commitment to their roles, supported by adequate salary incentives and promotion structure. SNA will set a leading example in recruiting and promoting women and members of other disadvantaged groups.

SNA will have full responsibility to recruit, manage and deploy their staff based on principles, processes and procedures of the separate statute and regulations of the SNA personnel as well as in respect to conditions determined in the professional bodies of the civil servants.

By 2030 an effective framework for training and professional development of SNA staff will be in place. There will be a new focus on developing leadership and technical skills of SNA staff members, appropriate to their job descriptions and career path. The capacity development framework will respond to training needs identified by national institutions, training needs identified by the SNA themselves and professional development plans of individual staff members.

The capacity development framework will clearly define the responsibilities for the design of training, delivery of training and development of content. Training will be provided through specialised institutions at national and regional level, with NASLA having a core role in developing training standards, training materials and training of trainers as well as delivering some courses directly. Professional development curricula will be developed and implemented for staff members in different divisions.

An increasing share of SNA staff development effort will be through e-learning assisted by specialist tutors attached to NASLA or elsewhere, short residential courses, longer-term secondment for study.

3. SNA Financial Resources

In 2030, all SNA will have access to budget resources that match their spending obligations in quantity and type.

SNA revenues will consist of a mixture of conditional and unconditional transfers determined by clear and rational criteria and formulas, revenues from local sources collected from tax and non-tax revenues as well as other legal resources of revenues.

Conditional financial resources will be transferred at appropriate size to the SNAs for implementing their obligatory functions transferred to them. Additionally, the unconditional financial resources will be increased for the SNAs to fund the implementation of the general mandate or permissive functions including multi-sectoral functions in order to promote public service delivery and local development responding to increasing needs of the citizens in their jurisdiction.

Tax and non-tax revenues from locally collected will be increased through review and consideration for additional assignment on types of tax and increasing rate of share of the tax and non-tax revenues to the SNAs to strengthen accountability and responsibility in taking ownership of SNAs; and contribute to reduce dependency of SNAs on national budget transfer. The allocation of financial resources to the SNAs as above will be done in respect to the principle of equity.

In addition to the above revenues, the RGC will establish additional financing mechanisms aiming to narrow gaps of development between the urban and rural areas; and to support the development of SNA infrastructures especially those SNAs that are considered as national economic poles in order to contribute to national economic growth.

By 2030, it is expected that the recurrent budget of the Capital and provincial administrations will be primarily funded from local source revenues whereas the municipal and district administrations will mainly be funded from national transfer.

RGC will explore the creation of a framework for sub-national public-private partnerships (PPP) subject to controls on the type of obligations undertaken by SNA and the capacity of SNA to manage projects.

4. SNA Planning and Budgeting

SNAs will continue and strengthen the formulation of the Budget Strategic Plans (BSP) in accordance with the 5-year development plans and 3-year investment programs. The BSP will facilitate alignment of SNA budgets with national policy priorities while maintaining and enhancing the flexibility to respond to local needs and priorities.

By 2030, the Capital, Provincial, Municipal and District administrations will implement the Programme Budget System to ensure the linkage of the budgets to each SNA policy as well as to the national policy. The implementation of the Programme Budget will gradually be expanded at the SNAs based on the SNA capacity and necessity.

Sub-National Councils at all levels will play an enhanced and better-defined role in oversight of the budget cycle. As representatives of the local citizens, a key role of the Councils will be to ensure that spending plans are aligned with local needs and priorities, within the discretion allowed to the SNAs. Councils' capacity for this task will be enhanced by establishment of a Budget Committee of councilors within the Council structure.

SNAs will have greatly increased capacity for financial management, procurement and related tasks. This will be ensured through systematic and progressive training, qualifications and professional development tailored for key staff roles.

The foregoing will be achieved by implementing and building on the detailed reforms planned in the Subnational Budget System Reform Strategy (SN-BRS). The SN-BRS will ensure that the SNA budget system becomes more simple, flexible, accountable, transparent and consistent with the objective to give more authorities and responsibilities to each SNA.

It is anticipated that the laws, regulations and documents on SNA budget and financial management will be reviewed and revised in accordance with the principle of the decentralization reform.

5. E-Government

By 2030, sub-national governments will integrate digital technology in key areas of their work and will gradually integrate in all aspects of their work based on capacity and resources of each administration, and based on development of information technology and knowledge of the citizens in accordance with development of digital technology in Cambodia and vision of the RGC regarding "Industry 4.0" which is the foundation for developing Cambodia to advance developed country status.

Key tasks which will be managed and implemented through information technology system include government-to-government communications, SNA communications with citizens and with other stakeholders, public service delivery, information dissemination and capacity development.

E-governance has many aspects but it must be founded on a technologically aware and trained sub-national civil service staff who will learn not only how to operate digital applications but, more importantly, how to flexibly and creatively integrate digital technology into their work.

6. Accessibility, Transparency and Accountability

By 2030, the citizens will have a greatly improved understanding of the role and responsibilities of SNAs especially Councils at each level, what public services they can expect to receive, at what standard, what workplans and what resources the SNAs have, and of how they can communicate with the SNAs, and their rights to engage, monitor and evaluate the service delivery as well as to make their views known. In the event of a grievance, citizens will know where and how to apply for redress.

The Sub-national Councils will more effectively fulfil their role as the elected representatives of the citizens through effective decision-making and oversight over performance of the board of governors and staff; and through developing an accessible, open, transparent and inclusive relationship with citizens.

Accountability will be strengthened through continued implementation of the SAF, the Ombudsman's Offices and other appropriate and effective mechanisms. By 2030, the SNAs will take more ownership over this accountability work and strengthen it through a digital access system in order to ensure sustainability and effectiveness of this accountability work.

Civil Society Organisations will continue to play a key role as SNA partners, particularly in the SAF but also through facilitating citizens' participation in planning, budgeting, delivery of public services, local development and providing citizens' feedback to service providers.

Clear regulations will be developed to define a range of documents including plans, budgets, physical achievements and financial results which must be made available to citizens, to ensure that the SNAs have the obligations to disseminate these documents.

SNA will not limit themselves to mandatory disclosure of documents but will adopt a proactive approach to communicating with citizens on matters of importance, using a variety of traditional and modern media to ensure that all sections of the population are reached.

IV. Goal and Objectives of the NP2

1. Goal

The goal of the second phase of the national program on sub-national democratic development is *to promote democratic, inclusive, equitable and just development through modernisation of sub-national governance, improved access, quality and utilization of service delivery and contribute to elimination of poverty and improved quality of life for all citizens.*

This goal reflects and updates the Goal of Phase 1 of NP-SNDD and also integrates the strategic governance objective of the RS-IV. It emphasizes that sub-national governance systems must modernise in line with the rapid pace of change in Cambodian society and the future needs of the nation as it progresses through the middle-income development stage.

2. Objective

The Objective of the NP2 from 2021-2030 is that *structures and systems of sub-national governance are fully enabled to contribute to national development by providing local*

governance and service delivery that are modern, autonomous, transparent, accountable, effective, efficient and responsive to the needs of citizens. SNA of each type and level have adequate authority and capacity to carry out their functions under the oversight of the Councils, which ensure accountability to the citizens.

V. NP Strategy

The fundamental basis for implementation of the NP2 must be across-Government support for programme objectives that are clearly defined and effectively communicated to Government institutions, stakeholders and citizens.

Based on a broad consensus on the vision, goal and objectives of sub-national governance reforms, the NP2 will define long-term and medium-term results that are specific and achievable, then develop workplans combining all the elements required to achieve those results.

The NP2 will be divided into components for implementation. These components are inter-linked and will be implemented in close and active cooperation with each other. Strategic results of each component can only be achieved if the other components also deliver. The definition of the components is designed to achieve a good fit with the responsibilities of different leading implementation institutions. However, it is recognised that this is not the only possible way of defining the components: the full set of NP2 tasks could be divided differently, or the boundaries between component responsibilities could be differently defined.

A “Theory of Change” (ToC) approach to programme planning should be used to emphasise the interdependence of components. Programme implementation structures will be designed to ensure flexible and cooperative working arrangements.

The NP2 will be implemented through a series of Multi-Year Implementation Plans (MYIP). It is envisaged that there will be two MYIP during the programme lifetime, with the duration of each plan being 5 years.

Under the NP2 the programme document will set the overall direction and define key results for monitoring and evaluation for the whole period of the programme. The programme strategic results framework will be maintained, monitored and updated as needed. The MYIP will be strongly aligned with the programme strategic framework. Conversely, detailed work plans and budget projections will be developed at the level of the MYIP.

Implementation arrangements for the NP2 may vary during the programme period, for example if the initial arrangements are found to need improvement, or in line with the evolving context of the programme. Therefore, principles for implementation and an outline of arrangements for the first MYIP will be defined in the NP-2 document but detailed implementation arrangements including institutional responsibilities will be defined at the level of the MYIP.

The NP2 is part of the RGC’s broader public sector reform and modernisation agenda. Success of NP2 will depend on success also of PFMR, PAR and Legal and Judicial Reform (LJR) and the lead institutions for these two programmes will also be key actors in the NP2. NP2 will be designed to facilitate cooperation with PFMR, PAR and LJR.

VI. Programme Components and Cross-Cutting Issues

A. Programme Components

NP2 will be organised in five components as following:

1. Reform Leadership and Management
2. SNA Administrative Structures and Systems
3. HR Management and Development
4. Fiscal Decentralization and SNA Planning
5. Public Service Delivery and Local Development

Each component will be associated with a key programme outcome and priorities that have to be achieved in the NP2.

1. Reform Leadership and Management

The Outcome of the Reform Leadership and Management Component will be *leadership, coordination and support mechanisms of national and sub-national levels are strengthened to promote ownership and responsibilities of these Ministries and Institutions in the formulation and implementation of D&D reform program in effective and efficient manner.*

Key priorities of this component include:

- Revising and strengthening role and responsibilities of NCDD in leadership, coordination, monitoring and evaluation of the development and implementation of policies, regulations, national programs, implementation plans and annual workplans and budgets on the D&D reform,
- Strengthening role, responsibilities and working procedures of the NCDD sub-committees in conducting studies and providing comment and input to NCDD on matters related to D&D reform within their jurisdiction,
- Reviewing and revising the structures and responsibilities and strengthening the capacity of the NCDDS to play its role as secretariat for the NCDD and the NCDD sub-committees; and to provide support, coordination and cooperation with relevant ministries/ institutions, SNAs, DPs, CSOs and other stakeholders as well as act as coordinating and implementing agency of programs and projects within the framework of D&D reform,
- Strengthening the D&D mechanisms of ministries/ institutions and CPs to promote ownership and responsibilities of the ministries and institutions in the formulation and implementation of D&D reform in an effective manner,
- Reviewing and dividing clear functions and responsibilities between NCDDS and related MOI units in formulating policies, regulations, technical guidelines, capacity building, providing technical support, monitoring and evaluation of SNAs,
- Strengthening cooperation with PAR and PFMR, LJR and sector reforms to ensure consistent and complementary to each other in an effective manner,
- Supporting and strengthening the SNA associations to protect, support and serve the benefits of the SNAs,
- Strengthening coordinating and cooperating with DPs, CSOs and private sector in mobilizing resources from DPs, CSOs and other stakeholders to support the D&D reform.
- Strengthening the information dissemination and increasing awareness to ministries/ institutions, SNAs, DPs, CSOs and public on D&D reform.

2. SNA Administrative Structures and Systems

The **outcome** of this component will be *structures, systems, powers and functions of SNA are clearly defined and differentiated according to level and type of SNAs in accordance with Metropolitan, urban and rural characteristics, and SNAs use information technology systems to promote effective management and internal and external communication.*

The priorities of this component will include:

- Revise and strengthen administrative structures and systems; and evolve definition of the functions of the Provinces, Districts, Municipalities and Communes/ Sangkats, as well as the establishments of the Capital administration as Metropolitan Administration and Provinces as Regional Administrations in accordance with the principle of unified administration. Increasingly, urban administration (Khan/Sangkat, Municipality/Sangkat) and rural administration (District / Commune) may be differentiated in terms of public service delivery responsibilities, relationship between the different levels, and provision for citizen’s access to services. A framework for horizontal cooperation between SNA will be established.
- Continue the work of transferring functions to SNA based on criteria of efficiency and accountability and appropriate to each level and type of SNA. The difference between obligatory and permissive functions will be further clarified.
- Address the modernisation of administrative systems and processes including the internal structure of sub-national administration, staffing requirements for each type of SNA and introduction of modern, including digital, administrative systems.
- An SNA Inspection System will be established for a unified system of legality control of SNA operations, designed to facilitate SNA autonomy and initiative within legal limits.
- Strengthen the implementation of the role of the Council, including its responsibilities for planning, budget setting and approval, oversight of budget execution, local bylaws or regulations and overall accountability of the SNA to local citizens
- Review and revise the committees and working procedures of the councils as well as provide capacity development for the SNA councils in order to improve effectiveness in performing their roles.

3. HR Management and Development

The Outcome of this component will be *SNA recruit, manage and deploy adequate numbers of staff, who have professional qualifications and skills appropriate to their roles and responsibilities and who benefit from systematic, progressive professional skills development support.*

The human resources development component with NP2 will be closely aligned with the general Public Administration Reform (PAR) programme.

The Human Resources Management and Development component will have two main parts, the first concerned with the recruitment, management and incentivisation of SNA staff, and the second with building the general and specific skills capacity of current SNA staff and potential future recruits.

Priority activities within the scope of the first part will include:

- Develop an SNA Computerized System for Human Resource Management linking to the National HRM Computerized System,
- Civil service bodies developed and put in place to ensure the recruitment, management and deployment of SNA staff in accordance with levels of education and professional skills,
- Human resources need assessment – numbers and skills profile of SNA staff;
- Develop personnel recruitment and management processes and procedures, including code of ethics for SNA staff,
- Develop position descriptions for management and professional positions of SNA staff,

- Develop and put in place the result-based management system at SNAs including performance conditions and framework with indicators for evaluation on performance of staff for each position,
- Assist SNAs to assess their staffing and capacity development needs, including preparing institutional capacity development plans and accessing the services of training providers.

The second part will deal with the general and professional skills development for SNA staff. Priority activities for this part include:

- Strengthen the national training institutions (NASLA) and establish regional training institutions and build the capacity of specialist institutions, to deliver training and professional development to SNA staff,
- Developing curricula for general and administrative skills needs of SNA staff,
- Develop a “training pipeline” to prepare training materials based on content from each Component and train staff in new procedures as required,
- Develop a range of different approaches to training delivery, including thematic trainings, e-learning and self-study,
- Develop a framework for throughout-career professional development for SNA staff including entitlements to participate in training, staff responsibility to improve their own skills, qualifications and link to promotion.

This professional-development approach to capacity building will be complemented by opportunities for SNA to learn from each other – this may include traditional cross-visits but also establishing learning and professional support networks of SNA staff.

4. Fiscal Decentralization and SNA Planning System

The outcome of the Fiscal Decentralization and SNA Planning System component will be *SNAs have predictable, adequate budget resources aligned with mandates and policy priorities and allocated with flexibility to respond to local situation and needs that are determined in the development plans, investment programs and budget strategic plans of SNAs.*

This component will cooperate with the SNA Administrative Structures and Systems and Service Delivery and Local Development components to develop performance indicators for SNA service delivery.

The key priorities of this component will be to:

- Linking the SNA budget strategic plans and annual budget plans more effectively to the SNA development plans and investment programmes,
- Determining and allocating the SNA budget revenues (revenue transferred from the Government and local revenue) to match their functions which include transferred obligatory functions and general mandate or permissive functions of the SNA; and develop clear budget allocation formulas for SNAs as foundation for reliable predictability
- Establishing a Fraternal Fund to reduce gaps between development of urban and rural areas; and creating a Special Fund to support infrastructure development of several SNAs which are considered as national economic poles in order to contribute to the national economic growth,
- Reviewing and revising the SNA financial management systems to ensure effectiveness and autonomy, transparency and accountability in accordance with administrative management of each SNA level,
- Strengthening the implementation of the SNA program budget including formulation and putting in place the SNA Performance Informed Budget System to ensure consistency with

- the principles and approaches of the national budget management,
- Increasing the responsibility of SNAs for procurement and budget execution; and strengthening procedures for SNAs in collecting local tax and non-tax revenues and to take responsibility in effective collection of local revenues,
- Strengthening roles of the council in reviewing and approving budget plan to ensure the consistency with the determined principles and ensure the appropriate financial resources for implementing the obligatory functions as well as strengthening their role in monitoring on budget implementation,
- Developing standards and procedures for audit of SNA budget operations.
- Reviewing and revising law and regulations related to SNA financial management in accordance with the principle of decentralization reform.

5. Public Service Delivery and Local Development

The Outcome of the Service Delivery and Local Development Component will be *SNA mechanisms, procedures and standards are in place for providing public services, local development and communication in an effective, transparent, accountable and socially equitable and inclusive manner, through general mandate or permissive functions and obligatory function in response to the needs and handle the problems of the citizens in their jurisdiction.*

With the creation of the unified D/M/K administrations and the transfer of public service delivery and local development functions, the focus of NP2 will shift from the transfer of functions to ensuring the delivery and monitoring of public services and local development, through development mechanisms, procedures and standards, with an efficient manner.

The priority activities of this component include:

- Developing, revising and strengthening mechanisms, procedures and standards of public service delivery to be applied by the SNAs, including key performance indicators,
- Clearly determining the “general mandate or permissive function” and obligatory function of SNAs as a basis for allocating and utilizing budgets in the implementation of these functions in accordance with determined conditions and discretion of the SNAs, as well as documenting and sharing good practices and experiences on the implementation of these functions among the SNAs,
- Development a framework on cooperation between SNAs and SNAs in service delivery and local development,
- Reviewing, revising and implementing the One Window Service Mechanisms at SNAs to ensure the service delivery to the citizens in a simple, quick, transparent and accountable manner through information technology system,
- Strengthening and expanding the implementation of Social Accountability Framework (SAF) including the e-governance approaches to communication, participation, monitoring, evaluation and feedback of citizens on SNA performance and service delivery,
- SNA responsibilities and strategy for disclosure of documents and dissemination of information to citizens,
- Strengthening the capacity and responsibilities of the Ombudsman Offices at CP and DMKs, SNA conflict resolution mechanisms to receive, and handle the complaints of the citizens outside the judicial system,
- Continue strengthening partnership between SNA and civil society organisations, within the SAF in other contexts, and partnerships for service delivery and development,
- Studying and developing a framework for the potential for SNA public-private partnerships in service delivery and local development.

B. Cross-Cutting Issues

NP2 will include several cross-cutting issues which will be developed and aligned with the outcomes of each component as followings:

- Gender and Social Equity and Inclusiveness Mainstreaming
- Climate Change and Disaster
- E-Governance

Each cross-cutting issue will also be associated with an outcome-level result, which will be reflected in the detailed results framework for each of the five components.

1. Gender and Social Equity and Inclusiveness Mainstreaming

The Social Equity and Inclusiveness Outcome will be: *SNA*s **recruit and manage staff and administer public services and local development without discrimination based on gender, religions, sex, disability, ethnicity, vulnerable groups or other social characteristics, and work proactively to assist women and disadvantaged groups to overcome the challenges they face in participating in public service and local development, the economy and society.**

NP-SNDD is recognized as having a strong record on promoting gender equity and women's empowerment. This will continue under the NP2 and the focus will be broadened to include concerns with other forms of social equity and inclusiveness. Social equity and inclusiveness will be mainstreamed in all components of NP2.

Several priority activities of the social equity and inclusiveness that will be mainstreamed in the components of the NP2 include:

- Develop and implement the gender and social equity and inclusiveness responsive policies, strategic plans and regulations,
- Increase number of women and provide capacity development on leadership for women holding management and professional positions; and representation of women and disadvantaged groups at SNAs,
- Strengthen the capacity of CP and DMK WCCCs and CCWCs in promoting and responding to the needs related to gender, women in leadership, economic empowerment, social service delivery and reducing impact of gender-based violence in local communities,
- Mainstream gender and social equity and inclusiveness in the development and management of SNA human resource and structures including the implementation and monitoring of obligatory training for SNA management on gender and social equity and inclusiveness,
- Promote inclusive service delivery and local development through putting in place equitable measures, strengthening and improving the allocation of resources, transferring functions, formulating programs/ projects in response to needs of women and vulnerable groups,
- Conduct monitoring and evaluation on the implementation of the national program and its implementation plans focusing on the response to gender and social equity and inclusiveness.

2. Climate Change and Disaster Issues

The Climate Change Adaptation Outcome will be *SNA*s **are able to assess, manage and respond**

to climate change and disaster vulnerabilities in their local areas to support welfare and sustainable development of their communities.

The impacts of global climate change are felt locally and affect SNA's responsibilities, service delivery and local development. In this regard, SNAs are called upon to mitigate the consequences of the climate change and disaster.

Key priority activities of climate change and disaster that will be mainstreamed in all components of NP2 include:

- Strengthen capacity and responsibilities of the SNAs to assess, plan, manage and respond to climate change and disaster vulnerabilities,
- Strengthen and expand mainstreaming of climate change and disaster issues into the plans and budgets of SNAs,
- Develop a framework for climate change and disaster finance to the most vulnerable SNAs.

3. E-Governance

The e-governance outcome will be *SNAs use digital technology in all aspects of their work, including internal and government-to-government administrative tasks, delivery of administrative services to businesses and citizens, and facilitating two-way communication with citizens for efficiency, transparency and accountability.*

Cambodia is rapidly adopting digital technology in the private and public sectors and in everyday life of the citizens. This process will continue and accelerate during the NP2 implementation period. In this regard the priority activity of the E-Governance, which must be mainstreamed in all components, is to develop and implement a strategy for SNA to take advantage of and promote information technology focusing on:

- Establishing structures of information technology
- Developing SNA management systems to include information technology and
- Providing capacity development to SNA staff in using this information technology.

VII. Programme Management and Implementation

1. Management and Implementation Mechanism

Sub-national democratic development reform is a government reform that will be a whole of government effort requiring awareness and active involvement across a wide range of government institutions both national and sub-national level. The implementation framework for NP2 must be flexible enough to achieve outcomes of the NP2.

The key to successful implementation will be cross-institution cooperation and consensus-building at all levels, under the cross-Ministerial leadership and coordination of the NCDD. The structures of the NCDD and their working procedures could be necessarily revived to lead, coordinate and manage the implementation of the NP2. At the same time, NP2 will take an open, inclusive and equity approach facilitating participation and contribution of ideas from national government institutions, SNA associations, SNAs, civil society, private sectors and other involved actors.

NP2 will require relevant line ministries and institutions at national and sub-national level to actively participate and take their responsibilities respectively with cooperation consultation, and information sharing. Therefore, those ministries and institutions need to review and enhance their

D&D mechanism to strengthen responsibilities and boost the implementation of the D&D reform in their jurisdiction in particular the implementation of the NP2.

NCDD-S will be responsible for programme coordination, cross-cutting tasks, secretarial and administrative support and monitoring and evaluation of the NP2. NCDD-S will also assist NCDD for preparing the MYIP and the Annual Work Plan and Budget.

Throughout implementation of the NP2, RGC will maintain active cooperation with and participation of its development partners (DPs), organised around the Technical Working Group (TWG) on SNDD in line with agreed Terms of References to ensure smooth coordination and dialogue with DPs. More broadly, the RGC will engage with civil society organisations for consultation and feedback on preparation and implementation of the NP2.

2. Funding

The funding source for implementing NP2-SNDD will be from national budget and the contributions from external donors as well as from other legal sources.

Financing from the RGC for implementing the NP2 will be funded through Strategic Budgeting Plan and Annual Budgeting of ministries, institutions, all types of sub-national administrations and NCDD-S that is prepared in line with existed regulations.

The potential size and nature of external contributions will be clearly assessed in the programme design phase and appropriate arrangements adopted to align RGC and external financing.

Annual Work Plan and Budget for implementing the NP2 will be developed by integrating all sources of funding and in-kind assistance contributing to the NP2.

3. Monitoring and Evaluation

NCDD with NCDDS in a secretariat role will review and revise the M&E system with a more effective, modern, sustainable and cross-cutting issue responsive approach in order to monitor and evaluate the implementation of the NP2. Preparation of M&E system will be clearly define forms and responsibilities to: (1) monitor and evaluate the result frameworks of the NP2, MYIP and AWPB, (2) M&E the budget execution and service delivery by SNA and (3) M&E the stand-alone projects. In this regard, it needs to strengthen capacity and responsibilities of NCDDS's MEID as well as other M&E mechanisms.

NCDDS includes a MEID which cooperates closely with Ministry of Planning (MoP) on major databases: The Commune Database (CDB) of socio-economic data, the SNA Project Database (SPD), and Management Information System (MIS) etc. These databases serve purposes as information systems for the SNA themselves and for national monitoring and analysis. NP2 will continue strengthening management, collection and production of these databases, while giving the highest priority to increasing the practical usefulness and accessibility of the data for the SNA. These databases have potential to expand in developing a simple tool for sub-national GDP estimation. The NP2 will define the long-term institutional context for these data systems for ensuring sustainability. Further development of these databases will become an integral part of the overall e-governance strategy.

In addition to the quantitative data collection, the NP2 will review and develop a feedback mechanism to regularly receive information from the people regarding impacts of the program.

NP2 will conduct a Mid-Term Review to reflect progress, challenges, and set directions for improving the last MYIP of the NP2. At the last year of the NP2, there will be an End-Evaluation to assess implementation of the whole NP2 and to mobilize recommendations for designing a next NP. The evaluation of the NP2 would be included the participation of relevant institutions of the RGC and/or DPs.

VIII. Implementation Framework Workplan for the Design of the National Program

This Concept Note will become the basis for the NP2 design. Preparation of the NP2 will be led and facilitated by NCDD-S and work closely and build consensus with other key Ministries including MOI, MEF, Ministry of Civil Service (MCS), MoP, MoWA and sector Ministries transferring functions as well as with some SNAs. Development partners, civil society groups and other stakeholders will be consulted in each step of the process.

NP2 preparation is envisaged to proceed in the following stages: (1) Technical Studies and Designing all components of the NP2; (2) Drafting the NP2 Document and the First MYIP; and (3) Finalisation of the NP2 and the First MYIP, as well as Preparation of AWPB 2021. An approximate timeframe and key milestones to be achieved in each of these stages are shown in the table below.

Stages and Timeframe for Design of NP2		
Stage	Timeframe	Key Milestones
1. Conducting technical studies and designing all components of the NP2	By end week 2 of September 2020	<ul style="list-style-type: none">✓ Key results and implementation strategy for each key programme areas agreed with stakeholders✓ Final component structure of NP2 agreed✓ Institutional framework for implementation agreed
2. Drafting NP2 document and First MYIP	By week 3 of November 2020	<ul style="list-style-type: none">✓ Full draft NP2 document prepared✓ Full draft of first MYIP plan document prepared
3. Finalising the NP document, first MYIP and 2021 AWPB	By end December 2020	<ul style="list-style-type: none">✓ NP2 and first MYIP documents complete stakeholder review and finalised (submitted for approval)✓ 2021 AWPB formulated

Actual activities and timeframe of each stage for designing the NP2, the first MYIP and the 2021 Annual Workplan and Budget will be determined by NCDDS.
