

# Promoting mutual accountability

## Aid coordination in Cambodia

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**Over the last five years, the government of Cambodia has strengthened its national aid coordination process. We interviewed His Excellency Chhieng Yanara on the first Aid Effectiveness Report which reviewed the process to date.**

In the Paris Declaration of 2005, a large number of countries and multilateral development organisations committed themselves to improving aid effectiveness. One of the key principles in this process is the idea of 'mutual accountability' which emphasises the shared responsibilities for national development goals. In this sense, donors are accountable to developing nations, just as these countries are accountable to the donors.

The Cambodian Rehabilitation and Development Board (CRDB) serves as the government's aid coordination focal point. It manages relations between government and its development partners as well as taking responsibility for leading national efforts to implement the Paris Declaration. His Excellency Chhieng Yanara is the Secretary-General of the Board. He led the process of preparing the Aid Effectiveness Report which was presented to the first meeting of the Cambodia Development Cooperation Forum (CDCF) in June 2007. The Aid Effectiveness Report is the first study to make substantial use of empirical evidence and data to improve aid effectiveness using a mutual accountability approach.

***Your Excellency Yanara, what are the current challenges to achieving more effective aid coordination in Cambodia?***

The Aid Effectiveness Report shows that Cambodia has a highly fragmented aid environment; most of the more than 30 development partners provide roughly equal contributions to our aid budget. In such an environment, many development partners are inclined to participate closely in the decision-making process and to join the policy dialogue. This results in complex decision-making processes and raises the costs of coordination.

A related problem is that many of our development partners disburse their support across a wide range of sectors and projects. In some sectors, including education, health, rural development, water and sanitation, and agriculture the number of partners causes a formidable coordination challenge.

A particularly adverse effect of this fragmentation is the stripping of local capacity. Each development partner seeks to establish its own expertise in each sector in which it has a presence, resulting in 'donor competition' for national resources. For example, government employees focus on the donor's project rather than on the overall national programme, or they leave their jobs for more attractive contracts with donors.

***What new structures did the government of Cambodia implement to improve aid coordination as a result of the Paris Declaration of 2005?***

We set up the Cambodia Development Cooperation Forum (CDCF) which is managed and chaired solely by the government. It replaces the Consultative Group structure, which was co-chaired by the World Bank. These changes put the Cambodian government in a stronger position to exert ownership and leadership. The CDCF has made it easier to focus on how aid could be made more effective in support of the National Strategic Development Plan. For instance, the Aid Effectiveness Report highlights the sectors in which the burden of managing development assistance may be most likely to distract attentions from achieving the strategic objectives set by the Cambodian government.

Under the umbrella of the CDCF, we have cooperation mechanisms at two levels:

- The technical working groups (TWGs) facilitate dialogue on sector and thematic issues, chiefly on a technical level and with a focus on resource allocation, implementation and monitoring. Each TWG is chaired by a senior government official and is co-facilitated by a development partner representative. For example, the TWG on health is chaired by the Secretary of State of the Ministry of Health, and is co-facilitated by World Health Organization. The Cambodian Ministry of Economy and Finance is involved at the TWG level for budgeting purposes.
- The Government-Development Partner Coordination Committee (GDCC) meets three times a year. It is chaired by the Minister of Economy and Finance and First Vice Chairman of the Council for the Development of Cambodia (CDC). The committee addresses higher-level issues often related to cross-sector reforms and governance.

***How has this structure enabled your government to address the issue of mutual accountability between the donor community and the Cambodian public sector?***

The concept of mutual accountability included in the Paris Declaration is restricted to transparency in resource use and the articulation of the roles and responsibilities of development partners, partner countries and their parliaments. There is, however, a far greater potential for mutual accountability that extends beyond information sharing and assessing progress. Mutual accountability provides an objective basis for more open dialogue, increased transparency and an enhanced understanding of the interests of both donors and partner countries. This can make a strong contribution to a more authentic ownership that is underpinned by strong leadership and management capacity that pays more than lip service to idea of government control.

Increased mutual accountability is therefore a key component of the challenge to provide 'better' aid, in particular where it can create the conditions that are necessary for more effective capacity development. We believe that, in the absence of an effective mutual accountability mechanism, the prospect of meaningful capacity development is severely diminished.

### ***What measures need to be taken to improve aid effectiveness in Cambodia?***

The Aid Effectiveness Report highlights the nature and scope of the coordination challenge in Cambodia. It shows that not only is the challenge formidable, but that rising to it will be essential if the National Strategic Development Plan outcomes are to be realised. The report also attempts to derive some practical policy-relevant lessons and demonstrates that, by making better use of data and empirical experience, we can provide policy makers with the evidence that is needed to ensure that development assistance provides effective support to our national goals.

First, the report makes clear that development partners should reduce fragmentation in aid delivery: each development partner should concentrate aid on fewer sectors.

Second, the Strategic Framework for Development Cooperation Management should be put into practice. This framework, which was approved in early 2006, provides an institutional framework for external resource mobilisation and aid coordination functions and outlines objectives and principles that guide the management of development cooperation.

Third, development partners should be encouraged to strengthen and use the internal systems of government as much as possible. In line with the Paris Declaration, they should refrain from creating dedicated structures for the day-to-day management of aid-financed projects and programmes. Development partners should also engage more in programme-based approaches that are in line with the national development strategy and led by the Cambodian government. On the Cambodian side we need to enhance leadership and management. We need to learn how to say 'no' to development partner approaches that do not follow the priorities of the Cambodian government.

### ***What lessons did you learn from the process of researching the Aid Effectiveness Report?***

One important element in our new coordination structure is the fact that we now review the effectiveness of development partners using quantitative analysis. For instance, the Aid Effectiveness Report shows that while development partners commit funds in accordance with our National Strategic Development Plan, actual aggregate disbursements of funds are less aligned to national priorities. Transportation, for example, receives significantly less funding than is indicated in the Public Investment Program, while both health and governance receive significantly more than indicated. This may lead to absorption constraints and other pressures on government systems.

In terms of data collection for this process we found three major issues. First, very few development partners appear to have information systems in place that permit ready access to information on the projects that they finance. To promote more effective aid management in the context of the National Strategic Development Plan, it would be useful to work in partnership to identify the requirements of such a system to ensure the cooperation of donor capitals or regional offices, whose support is often required in reporting on routine project activities.

A second conclusion is that much more work on awareness-raising and changing mindsets needs to be done by both government and development partners if the Paris Declaration and the whole

aid effectiveness agenda are to be applied. A lack of awareness in many development partner offices goes some way to explaining a paradox: many development partners are vocally committed to the aid coordination process at a senior level, but the reality of the practices employed in their programmes and projects is perhaps somewhat different.

The final conclusion relates to the management of data and information systems across government. In the context of on-going reforms and associated sector/thematic work, it will be important to simplify and harmonise the collection and sharing of data. Multiple data collection exercises are not only inefficient but they can also lead to conflicting sets of data being used for programming or reporting purposes.

### ***How do you plan to monitor the process?***

Cambodia's aid partners will soon be able to access updated information with indicators of aid effectiveness on the Cambodian Rehabilitation and Development Board website. The website will contain sector profiles consisting of key data on external support to give insight into the nature of the aid coordination challenge within each sector. Each profile shows:

- The Paris Declaration indicators for projects in that sector. For instance, the indicators show that while the infrastructure sector has made significant progress in coordinating technical cooperation, only a small share of total resources pass through government systems.
- The ten biggest projects per sector which account for a significant share of total aid disbursed to that sector (75% in the infrastructure and education sectors, and 60% in agriculture). This suggests that if these projects become the initial focus for aid coordination efforts, possibly in the context of a programme-based approach, then efficiency gains may be quickly translated into increased impact and effectiveness.
- The total number of projects in sectors and sub-sectors. The results suggest that at sub-sector level, the transaction cost of managing aid is not sustainable, and that efforts to coordinate donor assistance crowds out core government activities, including policy formulation, programme implementation and monitoring. In the health sector, for example, 17 projects were delivering USD1.97 million in assistance to the policy and planning function.

### ***Are you confident that donors will follow up on the recommendations in the report?***

At our June 2007 CDCF meeting, development partners welcomed what they described as a 'high quality report' that provides analysis and conclusions indicating 'a number of directions for us all to focus on now'. It was agreed that implementation of existing policy frameworks is perhaps our key challenge, and the joint statement delivered to the CDCF by development partners gives cause for optimism. We therefore look forward to working closely with them to implement the report's recommendations.

## Links

For information about Cambodian Rehabilitation and Development Board, see <http://cdc.khmer.biz> and <http://www.cdc-crdb.gov.kh>

## Further reading

[\*The Cambodia Aid Effectiveness Report 2007\*](#), Cambodian Rehabilitation and Development Board, Council for the Development of Cambodia.

H.E. Chhieng Yanara and P. Courtnadge (2006)  
*Mutual Accountability: An Imperative for capacity development?* Paper presented to the UNDP/government of Spain meeting on 'Capacity Development: Let the evidence speak', Madrid, November 2006.

[The Paris Declaration on Aid Effectiveness.](#)