



## Cambodia: Second Decentralized Public Service and Financial Management Sector Development Program

Project Name	Second Decentralized Public Service and Financial Management Sector Development Program	
Project Number	49266-002	
Country	Cambodia	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	<b>TA 8929-CAM: Second Decentralized Public Service and Financial Management Sector Development Program</b> Technical Assistance Special Fund <span style="float: right;">US\$ 800,000.00</span>	
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships	
Sector / Subsector	<b>Public sector management</b> - Decentralization	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The program's impact will be more efficient and more equitable services to citizens through decentralization of power to SNAs. The outcome will be improved capacity of SNAs for service delivery. This outcome will be achieved through the implementation of the following outputs:</p> <p>Output 1. Capacity of subnational administrations for decentralized service delivery strengthened. Policy reforms expected under this output include the: (i) full implementation of regulations on decentralizing human resource management to SNAs; (ii) devolvement of functions from key ministries such as health, rural development, and environment; and (iii) establishment of capacity development systems for SNAs. Under this policy output, technical assistance (TA) will be provided to develop: (i) a regulatory framework for the capacity development of subnational civil servants that reflects government gender policies, (ii) a proposal for gender-sensitive curricula of subnational civil servants, and (iii) full design and feasibility study for a local government institute.</p> <p>Output 2. Adequate revenue sources for subnational administrations to fulfill their mandates granted. Policy reforms expected under this output include the assignment of tax revenue sources to SNAs, the rationalization of the system of transfers, and sustained PFM reforms at the SNA level. The project preparatory TA will help develop an implementation strategy for the decentralization of the property tax to districts and municipalities, the most efficient and viable option to assign own revenue sources to districts and municipalities.</p> <p>Output 3. Accountability systems for subnational administrations established. Policy reforms under this output involve (i) implementing guidelines for the accountability of governors to their councils, (ii) implementing the social accountability framework, and (iii) designing and implementing inspection systems for SNAs. TA activities will assist the implementation of the social accountability framework in selected districts. This includes the implementation of disclosure policies for SNAs, participatory planning and budgeting by local citizens, and accountability systems between SNA councils and their constituents.</p>	

Project Rationale and Linkage to Country/Regional Strategy

Unequal geographical access to basic social services is a major constraint to inclusive growth in Cambodia. Increasingly, quality service delivery will rest on skilled and accountable subnational administrations (SNAs), for which substantive investments in capacity development are required. The proposed Second Decentralized Public Service and Financial Management Sector Development Program will help improve the capacity of SNAs for local service delivery, as required under the 3-year implementation plan of the National Program for Subnational Democratic Development (2015\_2018) (NCCD-S).

While poverty has decreased substantially in Cambodia, vulnerability is high and large regional differences persist. The national poverty rate fell from 22.9% in 2009 to 18.9% in 2012, but some provinces along the Tonle Sap and in the northwest still reported poverty rates of well over 30%. Only 37% of the rural population has access to improved sanitation and 44% has access to clean water sources, in contrast to over 70% in urban areas. National gains in access to health services also conceal broad provincial disparities, and several provinces will not reach the Millennium Development Goal targets for infant and maternal mortality rates.

A weak regulatory environment, lack of adequate funding for service delivery, unclear responsibilities for service delivery across levels of administration, and weak accountability mechanisms between government and citizens can explain the observed differences in coverage and quality of basic services. The government has begun to devolve the responsibilities for core service delivery to districts and municipalities. The decentralization will challenge these SNAs since they operate in fledgling local governance systems and under weak resource endowments. Total spending by SNAs in Cambodia represented 7% of overall public spending in 2014, of which districts and municipalities (the focus of decentralization efforts) accounted for 20%.

Large investment needs to boost the skills of subnational administrations. Progress on expenditure and revenue decentralization needs to be coupled with substantial investments in capacity development of the local civil service, to allow for efficient service delivery and responsible financial management. Over 10,000 staff working in district and municipal administrations in Cambodia require skills development in a broad range of areas. This calls for interagency coordination and adequate funding.

Since 2013, SNAs have been assigned nontax revenue sources (fees and charges) plus fiscal transfers. Despite this substantive progress, much remains to be done to build solid and broad-based revenue bases for SNAs. This involves (i) assigning tax revenues to SNAs, an essential element of accountability between SNAs and local citizens; (ii) ensuring equitable distribution of fiscal transfers; and (iii) implementing efficient user fees and charges for local public services.

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Impact

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## Project Outcome

Description of Outcome

Progress Toward Outcome

### Implementation Progress

Description of Project Outputs

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location

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## Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

### Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

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## Business Opportunities

Consulting Services

A mix of firm-based and individual consultants will be engaged, indicatively for 25 person-months of international inputs and 50 person-months of national inputs. ADB will select and engage consultants in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time). The firm will be selected using the fixed-budget selection method. Some of the contingency funds will remain unallocated for individual consultants, to be identified as needed. Upon completion of the TA, equipment procured under the TA will be transferred to the executing agency.

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## Responsible Staff

Responsible ADB Officer	Boothe, Robert A.
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SERD
Executing Agencies	<i>National Committee for Democratic Development at Subnational Level Ministry of Interior Norodom Blvd, Sangkat Tonle Bassac, Khan Chamcar Mon, Phnom Penh</i>

## Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	03 Jul 2015
Last Review Mission	-
Last PDS Update	25 Sep 2015

## TA 8929-CAM

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
03 Jul 2015	08 Jan 2016	08 Jan 2016	31 Dec 2016	31 Dec 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
800,000.00	0.00	0.00	0.00	0.00	0.00	800,000.00	03 Jul 2015	24,037.03

Project Page	<a href="https://www.adb.org/projects/49266-002/main">https://www.adb.org/projects/49266-002/main</a>
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