

**Declaration by the
Royal Government of Cambodia and
Development Partners
on Enhancing Aid Effectiveness**

October, 2006
Phnom Penh

Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness

The Royal Government of Cambodia (RGC) and Cambodia's Development Partners declare their willingness to build partnership in an environment of cooperation, mutual trust, and mutual accountability to improve ODA effectiveness in order to maximize its benefits for the people of Cambodia. Our aim is to reduce poverty by supporting the implementation of the National Strategic Development Plan (NSDP) to achieve Cambodia's Millennium Development Goals. The objective of this Declaration is to update the Declaration by the Government of Cambodia and Development Partners on Harmonization and Alignment, adopted in December 2004, to take into account the five principles of the Paris Declaration on Aid Effectiveness that was adopted in March 2005 in Cambodia's context.

The five principles of the Paris Declaration are:

1. **Ownership:** Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
2. **Alignment:** Donors base their overall support on partner countries' national development strategies, institutions and procedures
3. **Harmonisation:** Donors' actions are more harmonized, transparent and collectively effective
4. **Managing for Results:** Managing resources and improving decision-making for results
5. **Mutual Accountability:** Donors and partners are accountable for development results

Although this Declaration does not constitute a legally binding instrument, it represents a shared recognition between the Royal Government of Cambodia and the Development Partners on enhancing aid effectiveness in Cambodia.

The spirit of these principles follows from the resolutions of the Monterrey Consensus (March 2002), Rome Declaration on Harmonization (February 2003), Marrakech Roundtable on Managing for Results (February 2004), the Paris Declaration on Aid Effectiveness (March 2005), the work of the OECD/DAC Working Party on Aid Effectiveness, and the RGC's Strategic Framework for Development Cooperation Management (January 2006).

To implement our respective partnership commitments of the Paris Declaration, the Royal Government and the Development Partners commit to:

Ownership

The Royal Government of Cambodia exercises full ownership and leadership over its development policies, and strategies and development actions.

The Royal Government commits to:

- Having prepared a single National Strategic Development Plan (NSDP) 2006-2010, it will develop a monitoring framework and carry out an annual review of NSDP implementation.
- Develop and adopt sector plans within the framework of the NSDP and provincial plans in consultation with all stakeholders.
- Align the national budget to support the implementation of the NSDP through the Public Investment Program (PIP).
- Further strengthen its ownership and leadership role in coordinating aid at all levels in close consultations with development cooperation partners, civil society and the private sector.

Development Partners commit to:

- Respect RGC ownership and leadership of its development management processes, and to provide coordinated support to strengthen institutional and human capacity of ministries and agencies to achieve the targets of the National Strategic Development Plan 2006-2010.

Alignment

Development Partners will base their overall support on RGC's strategies, institutions and procedures.

The Royal Government commits to:

- Continue to put in place management and legal systems and institutional mechanisms that deliver results, and are transparent and accountable to enhance aid effectiveness.
- Continue to vigorously implement the Public Financial Management Program, including periodic assessments of the PFM and procurement systems.
- Lead efforts to promote long-term capacity development by undertaking capacity assessments and developing comprehensive capacity development strategies and actions at the sector level, with coordinated support from the development partners to achieve RGC's targeted development results.

Development Partners commit to:

- Base their overall support on the priorities outlined in the NSDP and their development programs and projects with the PIP.

- Provide coordinated support to strengthen RGC's institutions, systems, and procedures.
- Make increasing use of strengthened RGC institutions, systems and procedures as they attain mutually agreed standards.
- Avoid the creation of new parallel structures (PIU/PMUs) for day-to-day management and implementation of ODA financed projects and programs.

Harmonization

Development Partner's actions are more harmonized, transparent and collectively effective.

The Royal Government commits to:

- Continue to work with development partners' headquarters to seek increased delegation of authority from development partners' headquarters to their country field offices in order to enable them to more effectively deal with harmonization and alignment issues in the Cambodian context.

Development Partners commit to:

- Develop and adopt to the maximum extent possible shared analyses and monitoring frameworks, common arrangements and simplified procedures for programs/projects management, including reporting and auditing.
- Increase the proportion of development cooperation programs through Sector/thematic Programs, and other Program Based Approaches with due respect to the complementarity of aid modalities.
- Reducing the number of separate, duplicative missions and diagnostic reviews and studies.
- Make increasing use of delegated cooperation arrangements.

Managing for Results

Managing resources and improving decision-making for results.

The Royal Government commits to:

- Develop and Implement a framework to monitor the implementation of the NSDP and prepare an annual progress review of the NSDP.
- Make effective use of information from annual reviews of the NSDP to manage for results by reprioritizing and reallocating available development resources, linking priorities to budget processes, to achieve targeted development results.

Development Partners commit to:

- Realigning to the maximum extent possible their programs and projects to the reprioritized activities in the rolling three year PIP based on annual reviews of NSDP implementation.

Mutual Accountability

The Royal Government and Development Partners are accountable for development results.

The Royal Government commits to:

- Strengthening the role of all stakeholders in the planning and implementation of development cooperation programs.
- Making available to all stakeholders information on the use of ODA resources to enhance transparency and accountability in the use of available development cooperation resources.
- Undertake the necessary reforms to enhance transparency and accountability in the use of available development cooperation resources.

Development Partners commit to:

- Provide timely, transparent, and comprehensive information on aid flows to the maximum extent possible to improve the transparency and accountability in the use of ODA resources and to promote the alignment of ODA resources with Cambodia's development priorities.
- Make the planning and delivery of their assistance more transparent and accountable to all stakeholders in order to improve aid effectiveness and to maximize its benefits for the people of Cambodia, in particular the poor.

THE WAY FORWARD

We, the Royal Government and the Development Partners of Cambodia, express our willingness to make utmost efforts to implement the RGC's Action Plan on Harmonization, Alignment and Results for 2006-2010. We will monitor progress in implementing the Action Plan, which will be reported through the Government Donors Coordination Committee.

We, the undersigned, hereby confirm our willingness to jointly work on enhancing aid effectiveness and efficiency in Cambodia.

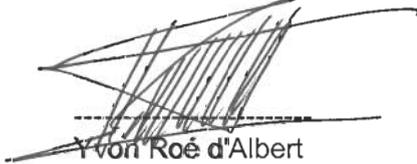
Signed this day, the Fifth of October 2006, in Phnom Penh, Cambodia

For the Royal Government of Cambodia:

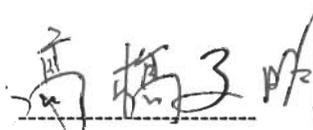


Sr. Minister Keat Chhon, MP
Minister of Economy and Finance
First Vice Chairman of the Council for the Development of Cambodia
Royal Government of Cambodia

For the Development Partners:



Yvon Roë d'Albert
Ambassador of France



Takahashi Fumiaki
Ambassador of Japan



Lisa K. Filipetto
Ambassador of Australia



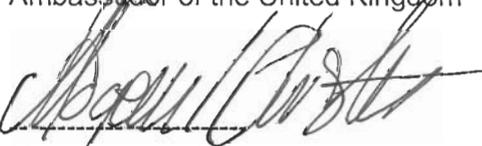
Pius Fischer
Ambassador of the Federal Republic of
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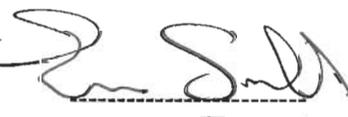
David G. Reader
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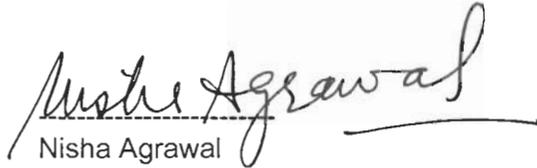
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