Royal Government of Cambodia
Committee for Sub-National Democratic Development

IP3 EXTENSION (2014) OF NP-SNDD

October 2013

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List of Abbreviations

ADB	Asian Development Bank
ADB-TS-PRSP	Tonle Sap Poverty Reduction Development Project
AWPB	Annual Work Plan and Budget
BoGs	Board of Governors
C/S Fund	Commune/Sangkat Fund
CCA	Climate Change Adaptation
CSOs	Civil Society Organization
D&D	Decentralization and Deconcentration
D/M Fund	District/Municipal Fund
D/M/K	District/Municipality/Khan
DPs	Development Partners
EU	European Union
EU-SPACE	Strengthening Performance, Accountability and Civic Engagement (SPACE) of Democratic Councils in Cambodia
FA	Functional Assignment
GRB	Gender Responsive Budgeting
HR	Human Resources
IAs	Implementation Agencies
IOs	International Organizations
IP3	The NP-SNDD 3-year Implementation Plan
IP3 IAs	IP3 Implementation Agencies
IP3 MRT	IP3 Mid-Term Review
LED	Local Economic Development
LGAs	Local Government Associations
M&E	Monitoring and Evaluation
MBPI	Merit-Based Performance Incentives
MCS	Ministry of Civil Services
MEF	Ministry of Economy and Finance
MIS	Management Information System
MOI	Ministry of Interior
MOP	Ministry of Planning
MOWA	Ministry of Women's Affairs

NAA	National Audit Authority
NAD	National AWPB Database
NCDD	National Committee for Democratic Development at sub-national level
NGOs	Non-Governmental Organizations
NLC/S	National League of Communes/Sangkat
NPAR	National Program for Administration Reform
NP-SNDD	10-year National Program for Sub-National Democratic Development
NRM	Natural Resource Management
NSDP	National Strategic Development Plan
OD	Organizational Development
OLs	Organic Law
OWSO	One Window Service Office
P/C	Provincial/Capital
PAR	Public Administration Reform
PILACII	Project for Capacity Development for Implementing the Organic Law at the Capital and Provincial Level
PFM	Public Finance Management
PMG	Priority Mission Group
POC	Priority Operating Cost
RBM	Result-Based Management
RGC	Royal Government of Cambodia
Sida	Swedish International Development Cooperation Agency
SNAs	Sub-National Administrations
SNIF	Sub-National Investment Facilities
SP	Sub-Program
SSCS	State Secretariat of Civil Service
TA	Technical Assistance (also advisors)
Three Fs	Functions, Functionaries and Finances
TOR	Terms of References
TOT	Training of Trainers
TWG	Technical Working Group
UNCDF	United Nations Capital Development Fund
UNCDF-LGCC	Local Governments and Climate Change
WB-LASED	World Bank's Land Allocation for Social and Economic Development

Preface

1. INTRODUCTION

The first 3-year Implementation Plan (IP3), 2011-2013, of the 10-year National Program for Sub-National Democratic Development (NP-SNDD) was approved and rolled out for implementation by the National Committee for Democratic Development at Sub-National Level (NCDD) on 08 December 2010. Key objectives of the IP3 were to establish the foundation for reform as laid out in the 10-year NP-SNDD including Sub-National Administrations' (SNA) institutional development, human resource (HR) and finance system development, functional assignment to SNAs, and support and oversight mechanisms to SNA's performance.

Despite the fact that the IP3 was formulated through a participatory approach, involving many consultations with all concerned stakeholders, and was comprehensive and detailed, , it was assessed by the IP3 Mid-Term Review (MTR) as overly ambitious with many expected outputs and deliverables to be achieved within these first three years. Adding to this ambition, the implementation of the 2011 Annual Work Plan and Budget (AWPB) began only in mid-2011 due to issues related to transition, program start up and the need to secure the required funding. Finally, as some of the expected financial support did not materialize, overall support to the IP3 was less than originally estimated leading to a delay in achieving some of the intended outputs.
In order to ensure that the agreed outputs established under the IP3 could be achieved before designing a new implementation phase for the NP-SNDD, a one year extension, to the end of 2014, was discussed and agreed by all -concerned stakeholders.

1.1. Purpose of IP3 1-Year Extension
The 1-year extension of IP3 into 2014 has the following purposes:

- To complete key milestones laid out in the IP3;
- To provide an opportunity for a review of the IP3's expected outputs and formulate possible solutions to identified issues and challenges that have arisen during implementation; and
- To allow for an adequate timeframe for formulating the next implementation phase.

1.2. Process of Preparation
To facilitate and support the formulation of this 1-year IP3 extension, the NCDD Secretariat (NCDD-S) formed a working group supported by a short-term independent consultant working under a TOR agreed upon by all concerned DPs. The working group consulted extensively with all concerned key partners, especially all IP3 Implementation Agencies (IA), SNAs, Development Partners (DPs) and Non-Governmental Organizations/International Organizations (NGOs/IOs) in order to:
- Discuss and review implementation progresses and challenges encountered during IP3 implementation;
- Conduct workshops with individual IP3 IAs to revisit intended outputs, identify constraints, propose solutions and determine 2014 priorities through the use of "problem tree" analysis;
- Draft the IP3 2014 extension document based on consolidated results and inputs from the above individual workshops;
- Conduct a consultative workshop with concerned national and sub-national agencies on the draft IP3 1-year extension document; and
- Finalize the draft IP3 1-year extension document to be submitted to NCDD for final review and approval.

1.3. Structure of the document

The document consists of the following eight Sections:

- **Section 1** describes the rationale, purposes and structure of the IP3 1-year extension document;
- **Section 2** summarizes progress and challenges encountered during implementation;
- **Section 3** describes 2014 priorities of each Sub-Program based on the original IP3 2011-2013 expected outputs;
- **Section 4** covers program management which includes a reorientation of technical assistance to: the DMK level, improved capacity development initiatives and towards cross-cutting issues including gender and climate change.
- **Section 5** discusses program M&E;
- **Section 6** summarizes past IP3's expenditures and estimates for the IP3 1-year extension (2014);
- **Section 7** updates IP3 assumptions and risks; and
- **Section 8** which is the final section of this document describes key priorities and provides a timeframe for formulating the next phase of implementation.

As this document concerns an extension to the existing IP3, 2011-2013, it is important to emphasize that the original IP3 design document remains valid is not being replaced. The document is intended to review the undelivered IP3 outputs and to identify the priority actions required to ensure that they can be delivered by the end of 2014.

2. SUMMARY OF PROGRESS AND ISSUES/CHALLENGES TO DATE

2.1. Progress to Date

IP3 implementation has progressed steadily towards strengthening local governance and local development. With all SNA structures having been established and staffed, new democratic governance systems have gradually been designed and become operational. . Progress achieved can be summarized as follows:

The NCDD-S has been strengthened to assume its responsibilities for: program management and coordination; formulation of policy, regulations, legal documents and guidelines; and the development of training manuals, materials and handbooks used to strengthen the capacity of Sub-national Councils and Administrations. Capacity for Democratic Development reform has been on the rise at both national and sub-national levels.

In terms of governance, all District/Municipality/ Khan (D/M/K) Administrations are 'up and running' in order to gradually assume their roles as "autonomous" institutions for resource management and service delivery. SNA personnel have been aligned into the new structures in a relatively short period of time while planning and financing systems and procedures have gradually been introduced and improved. In addition, two important guidelines, the D/M/K operational guidelines and the D/M/K Project Implementation Manual (PIM) will be soon finalized which will contribute to strengthening performance. The foundation to foster local democracy and decentralisation has been put in place.

The Statute on SNA Personnel, Strategy for HR Management and Development and two draft sub-decrees on personnel management are ready for finalization and approval is expected in early 2014.

As regards functional assignment, a profound investment in time and effort has been made by five Ministries to identify key functions, their service delivery responsibilities, their legal frameworks and their costs. All five Ministries are currently assessing which of the functions identified and

analysed should be transferred to local governments and why, and which level of SNA is most appropriate to provide these services.

With respect to financing of SNAs, the Law on Financial Regime and Property Management of SNA was adopted in 2011, core regulations for implementation of the DM Fund, though slower than expected, will be completed in 2013 and training curricula and additional guidelines are being put in place. The CS Fund has proceeded smoothly throughout the implementation period. Achievements around "the three Fs" Functionaries, Functions and Finance have contributed greatly to establishing the SNAs' operational capacities during the short period of IP3 Implementation. Together with the recently approved Social Accountability Framework for Sub-National Democratic Development, technical guidelines on people's participation and a number of important legal instruments and training materials describing processes and mechanisms for constructive engagement at the local level have been completed and accountability lines are slowly shifted towards a more democratic and social perspective.

Another important achievement is related to the development information/data systems for local governance and development. During IP3 implementation, numerous systems and large volume of data have been made available. NCDD-S has developed a web-enabled computerized system, the NAD (National AWPB Database), to support improved implementation and monitoring. A number of research initiatives, studies and reports have greatly benefited from the increased availability, consistency and processing of the large volume of data presently made available through the NCDD.

2.2. Issues and Challenges Encountered During IP3 Implementation

IP3 implementation during 2011-2013 has progressed despite enormous obstacles and issues. Apart from kicking off six months late and the reduction of anticipated financial assistance, there have been many internal issues/challenges encountered. Below are some major issues identified against the intended IP3 immediate focus on establishing and developing the capacity of D/M/K as institutions for both local governance and local development.

a) A **policy and legal environment that** (i) supports and enables the exercise of local autonomy and regulatory oversight and (ii) widens the scope of the reforms to allow the reassignment of functions from national to sub-national administrations. On this front, it is widely recognized that there was a rather slow progress on handing over to SNA the management of SNA HR as well as on rolling out HR development program with adequate budget. At the same time, there has been delay in terms of functional assignment to SNAs as well as providing SNAs (esp., D/M/K and C/S) with additional sources of funding through a project-financing facility (SNIF), purpose-specific grant mechanisms (conditional transfers and/or attached to specific sector's functional assignment) or SNA own-source revenues.

b) **Autonomous SNAs,** as *institutions* (organizations and procedures) with related organisation, human and financial *capacities to* transform the sub-national system of governance and public administration. The slow progress in terms of providing operational "Finances, Functionaries and Functions" to D/M/K from central ministries has also led to slow progress in building the political and social capacities of SNAs (esp., at D/M/K and P/C levels) during this first mandate of D/M/K and P/C administrations.

c) a **framework and system of oversight,** exercised by national authorities, replacing the current system of administrative control, and thereby allowing SNAs to exercise their autonomy and to be accountable for the results of their actions. The required change in the

relationship between national and subnational levels did not progress satisfactorily as intended under the IP3, 2011-2013. Concretely, arrangements for SNA compliance inspection routines as part of oversight and legality controls mechanisms and arrangements for citizen participation in review and appeal processes and conflict resolution mechanisms have not been undertaken systematically.

These major constraints were discussed at length with all IP3 IA's ((detailed issue's discussions are recorded in separate papers referred to as "Issue Papers") and possible solutions formulated in the process of identifying priorities for 2014 to enable the IP3 to achieve the remaining expected outputs which are described in detail in Section 3 below.

3. PROGRAM DEFINITION

3.1. Program Framework

In line with the program purpose and goal of the existing IP3, all 2014 expected outputs are still structured into six sub-programs according to implementing ministries and agencies (IA) and aim to address the immediately intended focus of the reform/IP3 in achieving its undeliverable outputs. In summary, the areas that will be addressed in 2014 by all IP3 IAs include:

The Three Fs are essential to enhance SNA's autonomy for local development and promotion of local service delivery:

- **Functionaries:** There are optimistically quite a number of policy papers, related legal instruments and guidelines in the approval pipeline. These include the Strategy for SNA HR Management and Development, a "new" Personnel Statute and some sub-decrees such as the draft sub-decree on Delegation of Authority to SNAs to Appoint, Replace and Terminate Personnel's Services Being Rendered at Sub-National level. In this regard, 2014 priorities will be placed on development and enforcement of detailed regulations and guidelines. Equally important, SNA's HR capacity development program will gradually be systematized as from 2014. Utilizing the NCDD-S SNA Capacity Assessment and Governance Survey released in 2012, different needs in terms of political, operational and social capacities of D/M/K will be analysed and capacity development program will be designed accordingly for SNA Councils as well as its executive branches including Board of Governors (BoGs) and administrations. A systematic HR capacity development program requires short-term, medium and long-term actions with real commitment and adequate financial resources.

- **Functions:** Functional assignment remains as core area of the reform in 2014. Functional assignment efforts in 2014 will start with a promotion of SNA performance of permissive functions/general mandates which are not in the politically contested arena. Concentrated actions for this priority will be around promoting local initiated activities which are practical and do not impose a high financial burden. At the same time, delegation of functions under One Window Service Office Program (OWSO) program implementation will further be expanded to all D/M/K while systematic obligatory functional assignment with at least two sectors will also be kicked-off in this year.

- **Finance:** While recognizing a major step towards the creation of a SNA inter-governmental block grant transfer system in past years, 2014 focus will still be placed on ways to increase sources of funding to SNAs, especially to D/M/K and C/S. In general, there are different economic potentials for different D/M/K and C/S which need to be materialized and eventually formalized. This could be tested by issuing a policy allowing for own-source revenues in terms of shared non-tax revenues and formalization of informal fees, charges and local donations. In addition, further attention will be given to

finalize the establishment of the SNIF, mechanisms for conditional transfers and finalization of provincial/capital (P/C) formula-based budget allocations to ensure equity, transparency, accountability and effectiveness principles.

SNA's Political and Social Capacities in the form of promotion of political/democratic and social accountability frameworks:

- For political/democratic accountability, in 2014 efforts will be concentrated on enhancement of downward accountability of SNA councils to their electoral constituencies and to make respective executive branches accountable to the highest SNA organizational body, namely the council, so that the body can exercise its legislative and executive powers with respect to all normative, administrative, organizational, fiscal and financial matters within its competence as defined by the national laws and relevant legal instruments
- To promote social accountability, the newly adopted strategic plan on social accountability will be rolled out for implementation. Priorities in this area will contribute to empower citizens and local communities, particularly women, youth and disadvantaged groups to actively engage in SNA's decision-making process and in the process of those decision implementations. In practice, mechanisms/tools and procedures will be put in place allowing for people's improved access and use of information and citizen-led monitoring of budgets and the performance of SNAs.

Gender is the vital cross-cutting component of NP-SNDD and IP3. Recognizing the slow progress in the past, 2014 priorities will be concerted in a few practical areas:

- Ensuring work opportunities for women for key positions at NCDD-S and all SP's IAs (including SNAs) and attached TA;
- A conducive working environment for women will be continuously enabled to promote active and quality contribution. Gender mainstreaming activities will be conducted for both, but with a focus for peer's men whereas women-friendly facilities are to be put in place;
- Finalization and adoption of the policy on gender-responsive budgeting and carrying out gender-auditing activities;
- Capacity building on gender will be continued for all ministries, agencies and SNAs.

3.2. Sub Program 1 (NCDD-S)
Under this Sub Program, there are three components described in the IP3, 2011-2013: (1) Developing the Regulatory Framework of the D&D Reforms; (2) Advancing Sector Decentralization Reforms and Functional Reassignment; and (3) Strengthening capacity for Program coordination, management and monitoring. In undertaking these components in 2014, NCDD-S will maintain and further enhance its coordination role working closely with other key ministries and agencies in the development of policy and legal framework aiming to (i) support and enable the exercise of local autonomy and regulatory oversight and (ii) widen the scope of the reforms to allow the reassignment of functions from national to sub-national administrations. Sub Program 1 priorities for 2014 include:

Developing the Regulatory Framework of the D&D Reforms
There have been remarkable achievements over the past two years in terms of getting key regulations in place to enable SNAs to undertake their roles in a new "governance" environment of democratic development. SP1 managed by NCDD-S will coordinate and work closely with all central ministries to continuously develop policies and legal instruments called for by the Organic

Laws (OL) and harmonize & align existing regulations with the OLs and D&D reform, especially on the management of finance & asset, human resources and functional assignment.

Advancing Sector Decentralization Reforms and Functional Reassignment
D&D reform affects both the national and sub-national levels and requires changes in terms of structures, systems, attitudes and working procedures of SNAs and national level. In this respect, sector decentralization and functional assignment are a core priority of the reform. While pushing for more functions to be undertaken under the "general mandate" and promoting SNA initiatives, in 2014 NCDD-S will work with ministries to implement some functional assignments in at least two sectors to prove that "quality" services could be provided by SNAs being the closest institution and directly accountable to the people. These systematic functional assignments through delegation will be implemented in parallel with an expansion of OWSO implementation, so that SNAs are supported with tools to promote people's access to services and people's feedback & monitoring for quality service delivery.

Strengthening capacity for program coordination, management and monitoring
To ensure that SNAs can undertake their mandate effectively with autonomy under a legal framework, coordination, management and monitoring mechanisms and roles at the national level need to be strengthened. 2014 will still be critical for capacity building on coordination, management and monitoring roles of NCDD-S and concerned ministries through the establishment of mechanisms for formulation of legal instruments, guidelines and training curriculum and the development of clear training programs for SNAs. Priorities to be continued are:

- Support for the organization of regular NCDD and NCDD sub committees meetings;
- Enhancement of coordination, cooperation and outreach to concerned ministries and agencies;
- Enhancement of the roles of SNA Council Associations (i.e. the National Association of P/C Councils and the National League of D/M/K/C/S Councils) to advocate for improvements to the regulatory framework and systems;
- Mobilization of technical and financial resources to support concerned ministries in functional transfer;
- Mobilization of resources to support study and consolidate lessons learned related to functional transfer and local initiatives to promote D&D reform;
- Re-organization of technical assistance (TA) to SNAs with a focus on D/M/K to improve their operational capacities and strengthen their ability to support the CS Councils; ; ,
- Preparation of the AWPB and various project work plans to support the reform program;
- Enhancement of the M&E system (Results-based Management).

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.3. Sub Program 1b (NCDD-S)
In 2014, this Sub-Program will be implemented under the overall responsibility of NCDD-S with close cooperation with the SNA Council Associations (i.e. the National Association of P/C Councils and the National League of D/M/K/C/S Councils) and concerned agencies, and maintains its focus on developing political and social capacities of SNAs, especially for the councils to promote democratic and social accountabilities. Priorities under SP1b for 2014 are:

Development of system for council decision-making, civic engagement and oversight of administration
Under this Component, efforts will be concentrated on democratic accountability. Presently, there are a number of guidelines (such as the technical guidelines on people's participation, SNA's

council meetings and on local economic development) developed and tested and ready to be used as training materials for the councils. In addition, other important technical documents to strengthen the SNA Council's capacity in terms of defining council's jurisdiction on decision-making, roles and constraints, political deliberations and making their executive branches accountable will further be developed in 2014.

Coaching and mentoring service to newly formed D/M/K Councils and CS Councils
Priorities under this component will be kicked off with more focus and changing roles of TAs at D/M/K level to respond to different SNA (political, operational and social) capacity needs and offer appropriate support to C/S. It is important to note that NCDD-S is fully committed to promote SNA social accountability. In 2014, implementation of the recently adopted Social Accountability Framework on Sub-national Democratic Development will be rolled out. Therefore, coaching and mentoring services to D/M/K and C/S will be re-aligned to this priority accordingly.

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.4. Sub Program 2 (MOI)
Under the overall responsibility of the Ministry of Interior (MOI), this Sub-Program is divided into four components, 15 objectives and 40 expected outputs of which at least 15 have been or will be achieved by the end of 2013. Remaining priorities in 2014 are:

Setting up and staffing SNA
Key policies and guidelines on SNA establishment and staffing have been developed and will eventually be adopted by the end of 2013. Those policies and guidelines include an HR Management & Development policy, SNA Staff Performance Guidelines and HR statute for personnel of SNAs. Once they are adopted, dissemination, enforcement and monitoring on compliance will need to be carried out. Furthermore, the establishment and staffing of SNAs following the Sub-Decree 215 and 216 have resulted in uniformity across the country and need some adjustments to better respond to the needs of individual SNAs.
Together with SP3, SNA staff performance guidelines will be developed. Based on these guidelines, SNA's staff performance will be carried out by respective SNAs through monitoring activities undertaken by the national level.

Institutional and staff capacity development of SNAs
This is an on-going component. For 2014, there are at least two manuals to be finalized and associated trainings are rolled out related to D/M/K Roles and Responsibilities and Social Services. They will form sections of the overall and comprehensive "SNA Operational Manual", covering all aspects of SNA functioning. Equally important, SP2 will continue to carry out monitoring and backstopping activities related to the SNA Organizational Development (OD) Manual including compliance and implementation of SNA own-intervention plans. Based on needs, and with close cooperation with other SPs, SP2 will periodically provide Training of Trainers (TOT) trainings to SNAs and support to SNA Capacity Development (CD) facilitator teams.

Oversight and legality controls
Oversight and legality control under the SNDD framework is an important component and requires a drastic shift away from administrative control customized by Cambodia's long centralized history. In this regard, there is a need to start with the development of a comprehensive framework, regulations and mechanisms for oversight and legality control in

2014. SP2 will work closely, especially with SP4 and SP1, to establish oversight and legality control mechanisms, ensure compliance and minimize irregularities. Additional mechanisms (to protect and promote the reform creditability) will be put in place. Along with this fiduciary mechanism, policy options for people's participation in review and appeals processes and conflict resolution mechanisms will be developed.

Improve SNA system operating conditions
Amongst all four components of SP2, this is a straightforward one. There are only a few SNAs that have either completed or begun construction on new premises and procured better equipment to enable them to operate. For 2014, there is still a strong need to support DM Administration Office construction and the provision of office equipment. Furthermore, as part of its effort to strengthen SNA's service delivery roles, SP2 will provide support and further expand the implementation of OWSO program.

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.5. Sub Program 3 (MCS)
There are two components under this SP which are closely associated with the first two (out of four) components of SP2. In this regard, the newly established Ministry of Civil Service (MCS) will implement all 2014 priorities with close collaboration with SP1 and SP2.

Transitional Arrangements for SNAs Human Resources Management
Under this component, the Sub-Decree on Delegated Authority for all Kinds of Personnel Leaves from Works and Holidays will be implemented. In line with this, the law on establishment and functioning of the Council of the Ministries (Article 28) has been revised, leading to the formulation of the Sub-Decree on Delegation of Authority to SNAs to Appoint, Replace and Terminate Personnel's Services Being Rendered at Sub-National Level which is expected to be approved towards the end of 2013. Therefore, SP3 will support SNAs to implement this sub-decree through the development of clear mechanisms for information dissemination, capacity development, legality check and assessments to gather lessons learned towards improvements of SNA's HR management and capacity development.

Permanent Regulatory Framework for SNA Human Resources management
This component calls for the finalization of a strategy for the management and development of SNA personnel to be approved by NCDD and submitted to the Royal Government of Cambodia (RGC) by the end of 2013. At the same time, the new (separate) statute for SNAs personnel is ready as a first draft. In 2014, SP3 will continue to consult with central agencies, SNAs and all concerned to finalize the statute for approval and implementation roll-out.
Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.6. Sub Program 4 (MEF)
SP 4 is very large involving four components with 19 expected outputs and 70 deliverables. Progress has been made with regard to the design and rolling out of D/M Fund and important preparatory work has been undertaken with regard to other important outputs. However, key priorities for 2014 are:

Policy and legal framework for SNA Financing Mechanisms
2014 priorities under this component aim to boost SNA's operational capacities, especially for D/M, through the establishment of mechanisms for mobilizing funding and new revenue sources

in addition to the existing inter-government transfer. Priorities include: finalizing the establishment of the SNIF including management arrangements and procedures; formulation of modalities and procedures for scaling up purpose-specific (conditional) grant mechanisms for SNAs that are being introduced by various "external" projects and programs; development of guidelines for pilot programs testing functional assignment related to contractual financing arrangements (SNA - Line Ministries); and further studies for policy and guidelines on local resource mobilization through formalization of informal fees, charges and donations and on options for shared non-tax revenues. Furthermore, there will be review of P/C financing modalities towards the formula-based ones in order to ensure effectiveness, accountability, transparency and equity across all P/C.

SNA financial management and financial accountability systems and procedures
Under this component, the focus in 2014 will be: to further develop regulations and guidelines to ensure SNA's efficiency, transparency and integrity in handling their finances as a continuing effort to implement the SNA Finance Regime and Property Management Law; to further develop and roll out the financial accountability framework; and to finalize and roll out the policy on Gender Responsive Budgeting (GRB).

SNA capacity for (a) financial management and (b) financial accountability
Under this component, the Ministry of Economy and Finance (MEF) together with MOI (SP2) will continue to mobilize efforts for development of curricula packages, including user-friendly handbooks, covering core competencies and key capacities for SNA financial managers and professionals, further strengthening of provincial treasury branches and carrying out a study on options to establish D/M-level treasury branches. This capacity development on financial management will be for SNA's councils, BoGs and administration.

Central institutions capacity for support and control
In terms of central institution capacity, SP2 will maintain its focus in 2014 on strengthening MEF capacity to support SNAs and monitor their financial management performance and capacity development for the National Audit Authority (NAA) to audit SNA accounts.

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.7. Sub Program 5 (MOP)

This Sub Program is divided into two components with 26 deliverables/expected outputs many of which have already been achieved. Remarkable progress during the past implementation includes the development and implementation of legal instruments and technical guidelines on SNA's development planning and investment programming, and a draft policy on the SNA planning system. Despite the progress to date there are key priorities remaining under both components to be implemented in 2014.

Developing the Planning Systems of SNA
Priorities under this component will be concentrated on finalizing the policy on the SNA Planning System through consultations and submission of the policy to the NCDD for approval. Based on the approved policy on the SNA planning system, the Ministry of Planning, in close cooperation with MOI and other concerned ministries, will review the technical guidelines on SNA's Management Information System (MIS) supporting sub-national planning systems and revise the system as necessary.

Developing SNA Planning Capacity

In terms of SNA's planning capacity, the Ministry of Planning (MOP) together with MOI (SP2) will focus their efforts on strengthening planning capacity particularly at the P/C and D/M/K level. An evaluation of all SNA planning systems, to gather lessons learned, will be conducted and will lead to the preparation of a revised version of the Planning Guidelines which are more complementary and synchronized between the three tiers of sub-national administrations. The review will include a reflection workshop to review SNA's support and capacity development processes in order to strengthen mechanisms and determine roles of concerned ministries.

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

3.8. Sub Program 6 (Sub-National Council's Associations)

There is one component, Development of an Association of SNA Councils, with nine deliverables/expected outputs under the IP3. Progress to date includes the establishment of the National Association of P/C Councils which was registered by MOI in the 3rd quarter of 2013. The establishment of the new National League of D/M/K/C/S Councils has been delayed but is expected to be approved soon.

In 2014, two major priorities are proposed: (1) the establishment of the National League of D/M/K/C/S Councils with newly adopted statute, structure and strategic plan; and (2) the re-adjustment of the internal management capacity and governance structures of the National League and C/P Associations of D/M/K/C/S Councils.

Detailed 2014 priorities to achieve the intended objectives and expected outputs of this SP are further described in the Annexes.

4. PROGRAM MANAGEMENT

The strengthening of NCDD oversight, management, coordination and support functions, its four Sub-Committees, and the NCDD-S is a key priority for the implementation of the IP3 extension (as well as the formulation of the next phase of the National Program). Local government reform is one of the RGC's three cross-cutting reforms; as such it requires the active participation of several Ministries and Agencies through a "whole of government" approach. Therefore, strengthening the ownership of local government reform amongst Ministries and Agencies, by gradually increasing their technical and financial responsibilities in implementing the IP3, will be necessary to ensure the IP3's is effectively coordinated and efficiently implemented.

4.1. IP3 2014 Extension Timeframe

To achieve the key targets described in the IP3, as well as this document, the extension period is from 1 January to 31 December 2014.

4.2. Key Milestones

Key IP3 milestones are the strengthening of D/M structures, systems and mechanisms, especially with regard to the council's deliberations and people's participation as well as the administrative, financial and HR management systems required to gradually become "autonomous" institutions for local governance and development. Therefore, a majority of the prioritized actions to be undertaken in 2014 will be concentrated to achieve these milestones.

4.3. Program Coordination, Management and Implementation

The 2014 IP3 extension will remain under the overall execution of the NCDD-S. The Secretariat will support the NCDD to oversee each SP's implementation. IP3 implementers for the 2014 extension will continue to be the Ministry of Interior (MOI), the Ministry of Economy and Finance (MEF), the Ministry of Women's Affairs (MOWA), the Ministry of Planning (MOP), the newly established Ministry for Civil Service (MCS) and the Associations of Sub-National Councils, SNAs, and the NCDD-S.

4.3.1. Strengthening the NCDD-S's Coordination Roles

Based on the newly restructured NCDD-S and the recruitment and appointment of public servants to positions within these new structures, NCDD-S coordination roles will be further strengthened through more regular consultations, through NCDD and NCDD Sub-Committee's meetings, through TWG SNDD meetings, through SP meetings, and through NCDD-S management meetings. Equally important, the strengthening of capacity of all four NCDD-S divisions will be undertaken. A focus will be on the Policy Analysis and Development Division, in particular in enabling it to improve its capacity to provide policy options to NCDD-S Management for more effective and timely decision-making.

4.3.2. Strengthening of IP3 SP Implementers' Roles and Responsibilities

SP implementing agencies have established and assigned officials/staff to be responsible for SP implementation. However, the implementation of NP-SNDD requires all RGC's ministries and agencies, especially the SP-IAs, to align their SP implementation plans with their agency's mandates/plans, so that their agency's resources are allocated to the implementation of the IP3. 2014 will provide a crucial opportunity to do so by clearly aligning their plans at the highest level of their respective ministries/agencies.

4.3.3. Strengthening SNA's Roles and Responsibilities

Mechanisms have been established by the IP3 to replace the P/C Executive Committee (ExCom) Structures, to integrate IP3 implementation into SNA's own structures, and to ensure continuous capacity support to D/M/Ks and C/Ss. Despite this effort, the new mechanisms have not been functioning well and still require further action. Therefore, to ensure the effective implementation of the IP3 extension at sub-national level, important priorities include:

- Reviewing and re-adjusting SNA's IP3 implementation mechanisms to promote ownership, roles and capacity of SNA's divisions and units in managing specific IP3 activities;
- Continuing to strengthen D/M's autonomy by providing TA and operational support to them to better manage IP3 implementation;
- Reviewing and re-deploying SNA staff to promote their roles and responsibilities for implementing the extension;
- Ensuring IP3 priorities will gradually be integrated into respective SNA's budgets.

4.4. Program Management and Monitoring

4.4.1. 2014 AWPB

The participation of and consultation with all concerned agencies, especially SNAs, to determine IP3 2014 priorities, are a pre-requisite for the success of 2014 Annual Work Plan and Budget (AWPB). Equally important, the division of specific priorities and the alignment of implementation roles and responsibilities for each IAs are necessary. Finally, clear support to D/M operations will be supported through joint decision agreements between P/C and D/M/K.

4.4.2. MIS

The National AWPB Database (NAD) and Management Information System (MIS) have been developed and are increasingly being utilized to monitor progress of activities, outputs, budgets and expenditures, indicators, and key implementation issues. The NAD is an important input for reporting. 2014 priorities will include the improvement of the NAD to better reflect indicators at all IP3 result levels as well as their linkage with the budget. In addition, the NAD will also be expanded to capture data and information of stand-alone programs and projects.

4.5. HR Management and Development

HR management and development, at both national and sub-national levels, has not progressed to the extent intended in the IP3. According to the 2012 assessment on P/C/D/M/K capacity and management, the number and capacity of SNA personnel, especially at D/M level, is still not adequate. In this regard, 2014 priorities will be on:

- Strengthening capacity of all four NCDD-S units' by ensuring all necessary positions are filled;
- Continuing the development of capacity of central ministries and agencies in undertaking legality controls and supporting SNA operations;
- Promoting and enforcing the new (separate) statute on SNA personnel as well as the development of subsidiary legal instruments (so that respective SNAs are better able to manage their staff based on their different needs);
- Re-directing TA through a gradual reduction at national and P/C levels and increases at D/M level.

4.6. Financial Management

NCDD-S on behalf of NCDD will ultimately be responsible for managing funds used during the 2014 extension. The existing IP3 financial management system, especially the Joint Decision and Agreement mechanisms for AWPB implementation, cash flow systems, and procurement, will be strengthened. In addition, revisions and adjustment will be made for budget allocation and execution to facilitate direct transfers from NCDD to D/Ms for IP3 activities.

4.7. Gross-Cutting Priorities

4.7.1. Gender

2014 priorities in terms of the IP3 Gender Strategy (IP3 Appendix 3) will focus in two areas; (1) gender mainstreaming; and (2) women's empowerment.

Gender Mainstreaming

Gender mainstreaming will be implemented by incorporating gender into key policies, laws, legal regulations, guidelines and training materials. For existing instruments, careful reviews will be undertaken before recommendations for amendment are made. This exercise will be implemented with the close cooperation with experts from MOWA and the NCDD-S Gender unit.

At individual and institutional levels, NCDD-S and MOWA will continue to carry out regular mainstreaming sessions to promote gender equality and to address both women's and men's issues, concerns, and needs. Special attention will be given to activities aiming to promote active and quality participation of both sexes.

Women's Empowerment

Priorities will concentrate on providing opportunity for women to be employed at national and sub-national level as advisors and contract personnel. Women-friendly facilities will also be put in place.

Expecting that the draft policy on gender-responsive budgeting is adopted by NCDD in 2013, next year's priority will be to ensure the compliance by SNAs, and therefore that "hard" budgets are allocated to women-focused initiatives and activities. NCDD-S together with MOWA will carry out the monitoring and backstopping of SNAs, as needed.

4.7.2. Climate Change

Another important cross-cutting program area of the NP-SNDD is the gradual mainstreaming of activities on climate change mitigation, the reduction of vulnerability and improved citizen resilience into SNA plans and budgets. In 2014, NCDD-S will continue to closely cooperate with concerned ministries/agencies, IO/NGOs, and DPs. NCDD-S will implement "pilot" projects on SNAs and Climate Change, will gather lessons learned, and will mobilize technical and financial resources to expand the project/program across the country.

5. MONITORING AND EVALUATION

The IP3 has collected a large amount of data, including information on program implementation, governance and service delivery satisfaction, D/M/K capacity, C/S project implementation and social service data, C/S socio-economic data, the identification of issues and constraints to program implementation, staffing levels (gender disaggregated), and periodic impact evaluations. A majority of this information is publically available on the NCDD website.

Despite the availability of information, challenges exist, particularly in terms of the use of this information by decision makers. These challenges include: (i) performance managements systems require strengthening, (ii) policy monitoring and evaluation processes, including the use of evidence in policy development, need to be developed and implemented, (iii) compliance inspection and audit processes need to be developed and implemented, and (iv) existing MIS systems need to be rationalized and simplified. These issues touch upon M&E but are not "purely" M&E; each involves actions of multiple stakeholders, organizations, or divisions.

Performance managements systems

Performance management is the process by which an organization identifies its goals and priorities and then goes about ensuring they are met. It starts with targets and works backwards from them in the development of activities. Fifteen SMART targets were developed as part of the National Strategic Development Plan (NSDP) process, and milestones are identified on an annual basis. The NAD is capable of storing all performance information. However, in order to strengthen performance management several steps will be carried out including: (i) defining and strengthening NCDD's role and capacity in managing for results, (ii) developing and implementing more regular meetings, dialogues and forums around milestones, targets and outputs, (iii) promoting a culture of learning, acceptance and debate around "failure" and transparency, and (iv) publically committing to a clear set of measurable targets. NCDD through its four Sub Committees will ensure implementers meet these targets through periodic reports and ordinary and extra-ordinary meetings. NCDD-S with respective SP's IAs will support NCDD Sub Committees to become more functional, starting with the development of work plans and clear meeting schedules, and carrying out IP3's implementation oversight functions.

Policy monitoring and evaluation

A draft manual on policy monitoring and evaluation has been developed and is expected to be approved for implementation in 2014. It includes a framework for measuring SNA autonomy, policy reviews and satisfactory surveys, thematic reviews, clearer monitoring procedures in the formulation of policy instruments, and impact evaluation.

Compliance inspection and audit processes

Though NCDD-S through its M&E and Information Division can provide a supporting, technical role in the development of systematic compliance and oversight procedures, the lead for implementation is expected to be taken by MOI, MEF, and MCS. A concept note describing the process and possible options for institutional arrangements was developed during 2012. Compliance data is an essential monitoring tool to gauge the degree to which policies and legal instruments are being implemented; compliance indicators, including financial and procurement data and project inspection, appear prominently in the IP3 results framework which will be utilized for "oversight and legality controls" by respective ministries and agencies under the overall coordination of SP2.

MIS systems

During the IP3 and its predecessors, a large number of systems and a large volume of data were developed, slowly over time. Inevitably, some of these systems have gaps while some potentially overlap. NCDD-S with SP5 (MOP) will discuss and clarify roles to address the issue of system sustainability aiming to developing more rationalized, simplified MIS systems during 2014.

6. PROGRAM COSTS AND FUNDING

The original IP3 Costs were calculated based on two broad categories: (1) costs for capacity development (CD), program administration (PA) and technical assistance (TA); and (2) financial assistance (FA) to be provided to all levels of Sub-National Administrations under various fiscal transfers' mechanisms. It should be noted that the "category 1" costs almost all of which have so far come from DPs are critical for development and rolling out systems, guidelines and detailed procedures to accommodate and safeguard the utilization of "category 2" almost all of which come from RGC and other associated "stand-alone" project funds.

6.1. IP3 Costs for CD, PA and TA & Staff Associated Costs – IP3 Basket Fund

The below table reflects expenditures against budgets of IP3 2011-2013 AWPBs which have been formulated on an annual basis and which come from the DP basket fund contributions. As shown below, there have been lower deliveries, particularly for 2011. The primary reason for about 45% undeliverable in 2011 was the 6-month late kick-off implementation of IP3. In 2012, high figures of TA and Staff's costs were partly attributable to POC, which has been discontinued. The 2013 budget was extremely low due to the downsizing of DP's contribution to IP3 Basket Fund while its expenditures are relatively low for the first six month due to cash flow problems.

COMPONENTS	2011			2012			2013 (Jan-Jun)		
	Budget	Expenditure	%	Budget	Expenditure	%	Budget	Expenditure	%
A. Program Associated Activities	$11,866,868.00	$4,936,351.00	42%	$9,774,048.14	$7,701,157.00	79%	$3,315,959.00	$469,032.00	14%
B. TA and Staff Costs	$4,406,581.00	$2,345,482.00	53%	$8,035,127.00	$7,450,498.59	93%	$5,933,621.00	$2,822,310.00	48%
C. Operations Costs	$2,519,534.00	$2,250,068.00	89%	$2,928,168.00	$2,667,599.00	91%	$2,633,783.00	$1,113,372.00	42%
D. Procurement	$2,635,729.00	$2,055,750.00	78%	$564,043.00	$511,951.00	91%	$99,802.00	$9,646.00	10%
TOTAL	$21,428,712.00	$11,587,651.00	54%	$21,301,386.14	$18,331,205.59	86%	$11,983,165.00	$4,414,360.00	37%

6.2. Financial Assistance in the form of SNA's inter-governmental transfers

Reform at sub-national level requires SNAs to have their own budgets. So far, great achievements have been made in terms of formula-based inter-governmental transfer, especially at C/S and D/M level. C/S fund and D/M fund have made C/S and D/M as a "new" budgetary tier and enabled them to undertake their general mandate/permissive functions and to respond to

needs in their jurisdictions. It is important to emphasize that IP3 Basket Fund contributions by DPs has played an essential role in achieving these results, especially in the development of a policy and legal framework, SNA's planning, budgeting, and budget execution.

Under the IP3, SNA's inter-governmental transfer estimates were calculated at about $US 450 million for three years, 2011-2013, 89% (or about $ US400 million) of which would come from the RGC and the remaining 11% (or $US 50 million) would come from DPs. The actual allocations and transfers for these years are:

No	SNA's Fund	2011		2012		2013	
		Budget	Expenditures	Budget	Expenditures	Budget	Exp (Jan-Jun)
1	C/S Fund	$38,300,000.00	24,931,183	$44,935,802.00	40,995,248	$50,851,635.00	9,109,199
2	D/M Fund	$15,000,000.00	$0.00	$13,000,000.00	9,158,500	$18,679,877.00	5,052,586
3	P/C (development) Fund	$0.00	$0.00	$93,957,900.00	66,193,339	$124,001,235.00	53,253,887
Total				$151,893,702.00	$116,347,087.00	$193,532,747.00	$67,415,672.00

Note: Data on 2011 P/C fund is not available.

With only $US 4 million contribution of Sida to D/M Fund in 2013, all above transfers were RGC.

6.3. Other Associated (Stand-Alone) Projects

Apart from undertaking important roles in enabling, overseeing and safeguarding the implementations of the above finances, NCDD-S has managed and coordinated some other associated projects in the form of budget and in-kind contributions such as UNICEF Seth Koma, UN-WOMEN, UNDP-ACCESS, UNFPA, the Land Allocation for Social Concession Development (WB-LASED), OWSO as part of WB-DfGG, Improvement of Local Peoples' Livelihood (ADB-TS-PRSP), Local Governance and Adaptation to Climate Change (UNCDF-LGCC), EU-SPACE and JICA-PILACII at an aggregated annual amount of between $US 7-12 million.

6.4. 2014 IP3 Costs and Funding (Basket Fund)

For the year 2014, there are clear priority areas requiring more concerted efforts and well-prepared action plans with adequate financial resources. Focus will be sharpened towards D/M and C/S with quality advisory, coaching, mentoring and support services based on SNA's needs.

Category	2013	2014	Change
Activities	3,315,959	3,400,000	84,041
TA/Staff	5,933,621	5,365,526	-568,095
Operations	2,633,783	2,600,000	-33,783
Procurement	99,802	100,000	198
Total	11,983,165	11,465,526	-517,639

Activities: cost's estimates for this category item is foreseen for more events such as workshops, dialogues, consultations on lessons learned and formulation of the IP3 next phase, and on-going capacity building activities.

TA/Staff: Based on the present situation in terms of institutional capacities at both national and sub-national levels and to ensure the government's ownership in SNDD reform process, TAs is still required for this medium term. Despite this need, TA's cost in 2014 will be lower while "contracted" personnel's portion will be increased to accommodate the effort for TA's changing roles (dropping capacity substitution and fiduciary functions) and lower-cost, built-in support mechanism (contracted staff) at D/M/K level.

Procurement: Despite recognizing that most vehicles and equipment need to be replaced, budget for this category's item remains the same as for 2013. The formulation of IP3 next phase will look at this gap carefully.

Source of Funding: NCDD-S will continue to work closely with DPs to mobilize resources to meet the above requirement. DPs who have contributed to 2013 basket fund will be requested to maintain and/or increase their contribution. Those are the EU, Swedish Sida and Switzerland. Other DPs will be approached through the TWG on SNDD mechanism and individually.

7. ASSUMPTIONS AND RISKS

Assumptions and risks of the original IP3 were classified into five areas: (1) Policy Development; (2) Related to the Role of Ministries; (3) Regarding SNA Systems and Functioning; (4) Regarding Staffing and Funding; and (5) Relating to Program Design. At the moment of this IP3 2014 extension formulation, a majority of the assumptions of the IP3 (listed in Section 11 of the original IP3 document) remain valid, with very few eliminated and some assessments of risks differing and therefore requiring concerted actions to mitigate them.

Policy Development Assumptions

One out of four assumptions identified originally in terms of policy development, roles of NCDD-S on policy development and coordination for program implementation have been put in practice, hence no longer posing a risk. Nevertheless, these NCDD-S roles will have to still be strengthened in 2014 and beyond.

Assumptions Related to the Role of Ministries

There were six assumptions made under this category, and two have gradually been put in practice. Those are the ones on the utilization of government systems for IP3 implementation and development of SNA system through consultative and participatory process (ministries and other stakeholders working together). The other four on ministries' acceptances for autonomy of SNAs and willingness to switch from administrative instruction to legality controls, ministries' sufficient capacity to exercise their "legality controls" mandates, capacity of NAA to carry out its mandate and ministries' buy-in for functional re-assignment remain as assumption in 2014, pose the same level of risks, therefore, still require concerted actions as described under the original IP3.

Assumptions Regarding SNA Systems and Functioning

There were another six assumptions under this category, but one has already been eliminated. This was the one on the ability of elected councillors to work together. The other one on SNA council association establishment is also nearly put into reality, with the National Association of P/C Councils has already been registered since 3rd quarter of 2013, while the National League of D/M/K/C/S Councils is expected to be established in early 2014. The other three which are on SNA council 's legitimacy as political institutions, arrangements for transparency and opportunity and capacity of CSOs, media and academia to analyse, check and report on SNA performance, are progressively materialized. The one still imposes medium risks and remains as assumption is on SNA Council's authority and accountability.

Assumptions Regarding Staffing and Funding

One out of the four assumptions made under IP3 has turned into reality, namely the establishment of the D/M Fund, whereas the availability of national advisers and contract staff has reached the level anticipated. However, the remaining two assumptions with the same level of risks for 2014 are: (1) on incentives for capable staff, and (2) establishment of SNIF.

Assumptions Relating to Program Design

The two IP3 assumptions under this category, (1) Program ambition in terms of geographic coverage and phasing; and (2) Secured support from DPs, are still valid at the same level of risk.

8. FORMULATION PROCESS OF THE NEXT PHASE OF THE IP3

Although that IP3 document is very comprehensive and elaborative, limited understanding on the substance was cited as another reason for not delivering the intended outputs in a timely manner. Along with this argument, the respective sub-programs recognized that the sense of ownership for the reform program has not been as strong as what was expected or what is needed. From the review and planning sessions conducted with all IAs, there are at least two levels of ownerships: level one concerns SP IAs (as well as the Ministry's D&D Working Group) and the other lies with other institutions.

The formulation process of the next phase of the IP3 will need to be implemented differently from the previous one given that these two levels of ownerships of the plans are a prerequisite. In practice, discussions and approval of the plans will have to be carried out for from both levels.

NCDD-S will kick off discussions on the process to formulate this next phase as soon as this 2014 IP3 extension is supported, adopted and disseminated for implementation. Concretely, the Technical Working Group (TWG) on Sub-National Democratic Development will have to meet, explore options and define for the formulation work before the end of this year, so that the formulation process will be carried out beginning early 2014. It is foreseen that the process will involve in-depth discussions and approvals by all key actors. External and independent facilitator(s) and TAs will need to be mobilized.

9. Annexes

SP1 2014 Priorities against IP3 expected outputs/deliverables

IP3 Component/Objectives/Expected Outputs/Deliverables	2014 Priorities
1.1. Developing the Regulatory Framework of the D&D Reforms	
1.1.1. All regulations required by the Organic Law are issued and aligned	
1.1.1.1. Anukrets (see list in appendix 1.1 of SP1) 1.1.1.2. Prakas (see list in appendix 1.1 of SP1) 1.1.1.3. Map identifying priority legislation and regulations to be aligned with the OL 1.1.1.4. Key legislation aligned 1.1.1.5. Key legislation for intra administration cooperation.	• Development of polices and legal regulations called for by the Organic Laws, especially on finance and asset management, human resources management, local economic development and service deliveries • Alignment of existing legal regulations with the organic laws and D&D reform
1.1.2. NCDD-S capacity to support D&D policy development is strengthened	
1.1.2.1. NCDD resolution setting policy development process and institutions, adopted 1.1.2.2. Organizational Chart of NCDD-S revised and adopted 1.1.2.3. All staff of the Policy Division (PD) of NCDD-S recruited 1.1.2.4. NCDD-S Staff/Advisors incorporated to WG of the NCDD Sub-Committees	• Capacity needs assessment of each individual SNDD-S units • Capacity building of NCDD-S units/divisions based on the needs assessment results • Recruitment and secondment of NCDD-S Staff to support the formulation of policy and regulation, program management, M&E and internal audit
1.1.3. Options for set up of a National Institute for SNA (NI-SNA)	
1.1.3.1. Policy and Technical Options paper on establishment of the NI-SNA	• The responsibility has been shifted to SP2
1.2. Advancing Sector Decentralization Reforms and Functional Reassignment	
1.2.1. RGC-wide consensus is reached on process for reassigning functions	
1.2.1.1. Policy paper outlining the scope, modalities, resources and timeframe for systematic functional review process, developed by the NCDD-Secretariat and cleared by the NCDD	• Formulation of guidelines on the implementation of general mandate of sub national administration (by using unconditional fund and local resources); • Formulation of guidelines for establishment of SNA's mechanisms to provide administrative services in the framework of OWSO • Continuation of sector's function mapping for systematic functional assignment
1.2.2. Implementation Plans for functional reassignments are developed	
1.2.2.1. Sector Studies carried out for priority sectors 1.2.2.2. Sector-specific Functional Reassignment Implementation Plans (FRIP) adopted by NCDD 1.2.3. Contractual delegation arrangements at DM level are piloted and evaluated 1.2.3.1. Studies and contract documentation for delegation of functions to DM	• Continuation of promotion for ministry's exercise to map out analysis and review of functions; • Assignment of some functions of prioritized sectors with appropriate options (at least in two prioritised sectors) • Mobilization of technical and financial resources to support concerned ministries in functional transfer • Mobilization of resources to support study and consolidate lessons learned related to functional transfer

1.2.3.2. Pilot "contractual delegation" arrangements for services delivery by DM implemented and evaluated	
1.2.4. Set of permissive functions are assigned on a pilot basis to CS and supported by Conditional Grants mechanisms	
1.2.4.1. Study on "permissible functions" immediately transferable to CS 1.2.4.2. Pilot conditional transfers mechanisms to support "permissive functions" implemented in selected CS	• Development of legal instruments for conditional transfer of funds; • Finalization for establishment of fund transfers mechanisms such as " SNIF"
1.3. Strengthening capacity for Program coordination, management and monitoring	
1.3.1. NCDD-S capacity to manage the NP-SNDD is developed	
1.3.1.1. All staff of the Program Support Division (PSD) of NCDD-S recruited 1.3.1.2. Signed Implementation agreements between NCDD and implementing partners 1.3.1.3. NP/IP3 AWPB (both National and Provincial) approved by NCDD 1.3.1.4. Sub-national network of NCDD-S managed National Program Advisers (NPA) trained and deployed 1.3.1.5. NP/IP3 Monitoring and Evaluation System set up and operating	• Continuation in signing agreements with IP3 implementation agencies • Analysis and identification of real needs of D/M/K based on the study on D/M/K capacity • Redirection and re-deployment of advisors at D/M/K level based on real needs • Organization of regular NCDD and NCDD Sub-committee Meetings • Strengthening of relationship with all concerned ministries/agencies • Strengthening of capacity of associations of sub-national councils to ensure for policy formulation consultations • Mobilization of technical and financial resources to support concerned ministries in functional transfer • Mobilization of resources to support study and consolidate lessons learned related to functional transfer and local initiatives • Preparation of AWPB • Strengthening of internal audit mechanism
1.3.2. A SNA performance monitoring system (SNA-PMS) is established (as part of an integrated sub-national Data Management System)	
1.3.2.1. A regional study tour to observe existing SN authorities' performance monitoring systems is realized by NCDD-S, MOI, MOP, and MEF staff. 1.3.2.2. A SNA performance monitoring system is developed and managed by NCDD-S 1.3.2.3. SNA-PMS Training materials developed 1.3.2.4. NCDD-S and SNA staff trained in operating the SNA-PMS 1.3.2.5. A policy options paper is produced on the establishment of a system and institution for monitoring the performance of SNA.	• Further development of M&E system (Result-based Management) at IP3 focus and expected out puts level • Reporting to RGC regularly on progresses and challenges of D&D reform program (every six months) for in-time interventions • Development and promotion for implementation of M&E system focusing on legality check and implementation of issued legal instruments, moving away from the present administrative control mode • Development of guidelines for establishment of new approaches of M&E and legality check to collaborating ministries/agencies • Coordination with concerned ministries and institutions in establishment of SNA legality check mechanisms • Further strengthening of NAD

SP1b 2014 Priorities against IP3 expected outputs/deliverables

IP3 Component/Objectives/Expected Outputs/Deliverables	2014 Priorities
1b.1.1. Develop the system for Council decision-making, civic engagement and oversight of the administration	
1b.1.1.1. Protoype of council system defined 1b.1.1.2. Formative evaluation sites, leading to a revised system and guidelines 1b.1.1.3. Capacity-development materials and guidelines prepared	• Continuation and promotion of SNA's council public and consultation forums; • Finalization of technical guidelines on people's participation, LED, Charters, by-law formulation consultation and down-ward accountabilities • Dissemination and support the enforcement of implementation of the above guidelines • Gathering of lessons learned on SNA's policy/by-law formulation process; • Assessment on results and approaches from the above interventions
1b.1.2. Provide a coaching and mentoring service to newly formed DMKs	
1b.1.2.1. Coaches/mentors supporting DM Councils through direct contact with Councillors, moving from a "push approach" at the start of IP3 to an "on–demand" approach by the end of IP3 1b.1.2.2. Staff at Provincal level, supervising and backstopping front line coaches/mentors, and liasing with other Capacity development activities based at the Provincial level.	• Continuation of coaching and mentoring services to SNA's councils • Rolling out and support to the implementation of social accountability strategic plan for SNDD • Strengthening the implementation of accountability line between M/D/K council and C/S council • Strengthening capacity of new elected C/P, M/D/K councillors
1b.1.3. Provide a coaching and mentoring service to CS Councils	
1b1.3.1. Coaches/mentors supporting CS Councils through direct contact with thoses Councils	• As above

SP2 2014 Priorities against IP3 expected outputs/deliverables

Component/Objective/Expected Outputs	2014 Priorities
2.1. Setting up and staffing SNA	
2.1.1. Develop SNA structures starting with DM	
2.1.1.1. D/M/Ks fully staffed D/M/K 2.1.1.2. Province SNA fully staffed	• Review of the implementation of Sub-Decree 215 and 216 to adjust roles and responsibilities of SNA divisions and offices to better respond to the needs of individual SNAs • Development of guidance on fulfilment of "vacant" staff position, implementation of replacement, appointment and re-deployment of SNA personnel • Study and review of boundaries of P/C, D/M/K, C/S and villages

2.1.1.5. Revise the civil administration structure of MOI to support NP	• Finalization of MOI's GDoLA Restructuring
2.1.4. Prepare, with CAR, SSCS, a national HR strategy for the management of SNA HR	
2.1.4.1. National HR strategy for SNA Staff developed National xx	• Dissemination for Enforcement of implementations of the Strategy for SNA HR Management and Development (in close cooperation with SP3)
2.1.4.2. Staff assessment system designed	• Finalization and enforcement of implementation of guidelines on SNA's Personnel Assessment (in close cooperation with IP3)
2.1.5.Draft a new statute for personnel of SNAs, as required by the Organic Law and aligned with NPAR	
2.1.5.1. Draft Civil service stature prepared for SNAs	• Finalization of HR statute for personnel of SNAs, as required by the Organic Law, and dissemination for implementation (in close cooperation with SP3)
2.2. Institutional and staff capacity development of SNAs	
2.2.1. Develop a comprehensive system of administration (OD) in particular at DM	
2.2.1.1. An 'SNA Operational Manual' developed	• Development and rolling out of manual on P/C project implementation • Finalization of Manual and Rolling out Training on D/M/K Roles and Responsibilities • Finalization of D/M/K Technical Manual and Rolling Out Training on Social Services are another important output of this component
2.2.2. Prepare an overall HR Development programme	
2.2.2.2. Initial package of materials prepared 2.2.2.4. Preparation of associated materials to assist CD activities	• In close cooperation with other SPs, development of necessary training materials and rolling out trainings
2.2.4. Prepare and implement a CD programme for DMs	
2.2.4.1. Work program for each D/M in place and implemented	• Review and updating of SNA OP Intervention Plans • Assessment on impact effectiveness of SNA's OD process
2.2.4.3. CD interventions are based on identified needs of CD	• Development and implementation of training program or intervention based on SNA's intervention plans
2.2.5. Prepare and implement a provincial level CD programme to support DM	
2.2.5.1. CD programmes for each D/M/ supported	• Continuation of support to CD activities for D/M
2.2.5.2. CD programmes for Provinces prepared and implemented	• Development and continuation of support to CD actives of P/C
2.2.6. Establish National Institute for SNAs	
2.2.6.1. Undertake a scoping study	• Development for establishment of the National Institute

	for SNAs based on the already identified options (in close cooperation with SP1)
2.3. Oversight and legality controls	
2.3.1. Design, pilot and implement compliance inspection routines	
2.3.1.4. Joint (MOI/MEF) inspections of all D/Ms completed annually	• Before implementation of compliance inspection routines and implementation of management standards and capacity assessments could be properly carried out, there is a need for development of framework for oversight and regulation in 2014. • Joint (MOI/MEF) inspections of at D/M level • Continuation of support and monitoring on SNA's work performances
2.3.3. Develop arrangements for participation in review and appeal processes	
2.3.3.1. Policy options paper prepared	• Development of policy options for participation in review and appeals processes and conflict resolution mechanisms (in close cooperation with SP1)
2.4. Improve the facilities and working conditions of SNA Councils and staff	
2.4.1. Construct/refurbish SNA offices and staff facilities/ equipment	
2.4.1.1. Construct/refurbish DM offices as required	• Constructions of some D/M standardized Offices • Strengthening of roles of public service affairs to ensure support and expansion of OWSO

SP3 2014 Priorities against IP3 expected outputs/deliverables

Component/Objective/Outputs	2014 Priorities
3.1. Transitional arrangements for SNAs Human Resources management	
3.1.1. To develop transitional arrangements for management of staff assigned to SNAs	
3.1.1.1. Develop legal framework for management of SNA personnel until the civil service statute for SNA personnel is issued 3.1.1.2. Evaluate the transitional arrangement until the civil service statute for SNA personnel is issued	• Development of SNA's support mechanisms for HR management and development at SN level • Rolling out and Enforcement for implementation compliances of Sub-Decree on Delegation of Authority to SNAs to Appoint, Replace and Terminate Personnel Services Being Rendered at Sub-National Level • Development of procedures for HR transfer to align with SNA's functional assignments • Assessment on SNA's HR management and development during this transitional period to gather lessons learned as inputs for permanent regulation development
3.1.2. Agree arrangements for paying Civil servants associated with key implementation responsibilities during the capacity building (step-up) phase of the national program i.e. over the life of IP3.	
3.1.2.2. Agreed future remuneration rates and schemes.	• Continuation of development and review of salary and incentive schemes of public civil servants
3.2. Permanent Regulatory Framework for SNA Human Resources management	
3.2.1. Develop a Strategy for the management and development of SNA personnel	
3.2.1.1. A strategy for the management and development of SNA human resources adopted	• Dissemination for Enforcement of implementations of the Strategy for SNA HR Management and Development
3.2.2. Develop and issue new statute for SNAs personnel	
3.2.2.2 Statute for SNA civil service	• Finalization, approval and enforcement of the statute for

in place	SNA civil service
3.2.2.3 Implementing regulations developed and issued	• Development and enforcement of implementation of relevant regulations to implement the statute for SNA civil service • Study of possibilities and options on establishment of public civil service mechanisms for SNA's HR management and development

SP4 2014 Priorities against IP3 expected outputs/deliverables

Component/Objectives	2014 Priorities
4.1. Policy and legal framework for SNA Financing Mechanisms	
IP3 Objectives: 4.1.1. Policy framework of SNA Financing is developed	
4.1.2. Mechanism for financing the general mandate (Art 251 of OL) of Districts and Municipalities (DM) is designed and operational	
4.1.3. A project- financing facility dedicated to promoting SNA investment in local infrastructure and other initiatives is established 4.1.4. Purpose-specific (conditional) grant mechanisms for SNAs are developed and piloted	• Establishment and rolling out "pilot" a Project-Financing Facility for SNA "SNIF" • Establishment and rolling out "pilot" purpose-specific grant mechanisms (conditional transfers) • Policy paper on SNA potential own-source revenue sources • Regulation(s) on SNA non-tax shared revenues • Formalization of SNA's informal fees • Improved (formula-based) modalities for financing/allocating the provincial and capital budget • Continuation of monitoring and assessment on policy, regulation, systems and mechanisms have been adopted and implemented so far
4.1.5. Contractual financing arrangements (SNA - Line Ministries) are designed and piloted	
4.1.6. Policy and legal framework for SNA own-source revenues (OSR) is developed	
4.1.7. CS Fund (CSF) regulations and operational rules are revised	
4.1.8. Provincial budget financing modalities are revised	
4.1.9. Domestic and external resources are mobilized to establish and sustain financing mechanisms for SNAs	
4.2. SNA financial management and financial accountability systems and procedures	
IP3 Objectives: 4.2.1. Law on SNA Financial Regime and Property Management enacted	• Further development of regulations and guidelines to implement the Law on SN Finance Regime and Asset Management (with special focus on SNA property management) • Establishment of SNA internal audit function as part of overall financial accountability framework • Finalization of policy on Gender Responsive Budgeting
4.2.2. Regulations and guidelines to implement the Law developed, enacted	
4.2.3. SNA financial accountability framework is developed	

Component/Objectives	2014 Priorities
4.2.4. Policy and modalities for gender mainstreaming in SNA budgeting	(GRB) and rolling out
4.3. SNA capacity for (a) financial management and (b) financial accountability	
IP3 Objectives: 4.3.1. SNA capacity for financial management function developed 4.3.2. Subnational branches of the National Treasury system strengthened	• Development of curricula packages, including user-friendly handbooks covering core competencies and key capacities for SNA financial managers and professionals • Further strengthening of provincial treasury branches and carrying out study on options to establish D/M-level treasury branches
4.4. Central institutions capacity for support and control	
IP3 Objectives: 4.4.1. MEF capacity to support, supervise and monitor fiscal and financial management 4.4.2. Capacity of the National Audit Authority (NAA) to audit SNAs strengthened	• MEF capacity strengthening to support SNA and monitor their financial management performance; and • Capacity strengthening of the National Audit Authority (NAA) to audit SNAs' financial performance

SP5 2014 Priorities against IP3 expected outputs/deliverables

Component/Objectives	2014 Priorities
5.1. Developing the Planning systems of SNA	
IP3 Objectives: 5.1.1.1. Revised Guidelines for provincial planning 5.1.1.2. Revised Guidelines for District (and constitutive Communes) planning 5.1.1.3. Revised Guidelines for Municipalities (and constitutive Sangkats) planning 5.1.1.4. Revised Guidelines for the Capital and its constitutive Khans and Sangkats (Metropolitan) planning	• Finalization the draft policy on SNA's planning systems through close consultations with all concerned agencies • Revision of technical guidelines on SNA's development planning and investment programming to align with the policy on SNA's planning system
5.1.5. Develop MIS supporting sub-national Planning systems	• Support to SNAs for data collection • Support to P/C for data utilization and dissemination • Training on data analysis
5.2. Developing SNA Planning Capacity	
5.2.1. Developing capacity for Provincial Planning 5.2.2. Developing Capacity for DMK planning	• Continuation of capacity building activities on planning and investment programming for C/P and D/M/K
5.2.3. Evaluate Planning systems performance at all SNA levels	• Evaluation of planning systems performances at all SNA levels; • Reflection workshop on mechanisms and support roles of all concerned ministries and agencies

SP6 2014 Priorities against IP3 expected outputs/deliverables

Component/Objectives/Expected Outputs	2014 Priorities
6.1. Development of an 'Association' of SNA Councils	
6.1.1. Establish/expand a new SNA Council Association(s) for Capital, Province and DMK and develop	

	the mission, strategy, rules and policies of those Associations
6.1.1.1. Revised/new statute and strategic plan 6.1.1.2. Revised structure, and personnel and HR plan	• Finalization of the new statute and development of new League Strategic Plan, and re-structuring of internal governance structures to respond to the new establishments of associations of sub-national councils • Establishment of C/P Associations of D/M/K/C/S Councils • Establishment of the National League of D/M/K/C/S Councils
6.1.2. Explore ways of securing the financial sustainability of the Association(s)	
6.1.2.1. Increased contribution from members	• Continuation of lobbying and advocating for increased membership fees and contribution
6.1.3. Build the internal management capacity and governance structure of the Association(s)	
6.1.3.1. Increased number of staff 6.1.3.2. Improved capacity of staff (via coaching, training, etc) 6.1.3.3. Capacity to take over management of long term mentoring service	• Establishment of support structures to the new Leagues and C/P Associations of D/M/K/C/S Councils • Recruitments and deployments of secretariat/support professionals and staff
6.1.4. Build the capacity of the Associations(s) to provide services to members	
6.1.4.1. Represent the voice of SNA Councils in system design 6.1.4.2. Provide legal services to members 6.1.4.3. Provide on-going support services to D/M/K and C/S Councils	Continuation of: • Advocacy works to promote for deeper D&D reform • Provision of legal services and support to D/M/K And C/S Councils