

NCDD-Secretariat

UNCDF

(Innovations for Decentralisation and Local Development "IDLD" Project)

Mission Report

(18-30 Dec, 2012)

**Financial Management System
For Performance-based Climate Resilience Grants Scheme**

(Local Governments and Climate Change Project - Phase II)

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Abbreviations

CC	Climate Change
CCA	Climate Change Adaptation
CCAS	Climate Change Adaptation Strategy
CS	Commune/Sangkat
DMA	District/Municipal Administration
IDLD	Innovations for Decentralization and Local development Project
LGCC	Local Governments and Climate Change
MEF	Ministry of Economy and Finance
MOP	Ministry of Planning
NCDDS	Secretariat of the National Committee for Subnational Democratic development
NP-SNDD	National Programme for Sub-National Democratic Development
PBCRG	Performance-based Climate Resilience Grants
RGC	Royal Government of Cambodia
SIDA	Sweden International Development Agency
SNA	Sub-National Administration
UNCDF	United Nations Capital Development Fund
VRA	Vulnerability Reduction Analysis

1. Introduction

Background

1. - The National Programme for Sub-National Democratic Development (NP-SNDD) through its first three-year implementation plan (IP3) aims to develop sub-national democratic institutions with effective administrations and to promote improved sub-national development for the benefit of the Cambodian people. The NP-SNDD foresees a gradual transfer of public service delivery functions to the various tiers of sub-national administration (SNA), with specific emphasis in the first three years on District/Municipal Administrations (DMA), and their interactions with Commune/Sangkat Councils (CS).

2. - So far two inter-governmental financing mechanisms are in place: the Commune/Sangkat Fund and the recently established District/Municipal Fund. In both cases, the component of the grant transfers "earmarked" for development spending is discretionary in nature and may be allocated to any development activities (capital and recurrent) as determined through the local planning process, and being within the general mandate of the concerned Sub-National Administration.

3. - The Secretariat of the National Committee for Subnational Democratic development (NCDDS), with support from UNCDF, is in the process of piloting modalities for mainstreaming climate change resilience in the sub-national administration planning and budgeting process. A key feature of the pilots are performance-based grants, earmarked for financing climate change activities by selected DMA and Commune Councils in two provinces (Takeo and Battambang), as part of the Local Government Climate Change Project (LGCC).

4. - LGCC is an experimental initiative with a strong knowledge management element; it started in early 2012 (phase 1), and is expected to run until at least end 2014 (phase 2). The objective of this initiative is *"To demonstrate the role of Local Governments in fostering climate change resilience and to identify practical ways to mainstream Climate Change Resilience into Sub-National planning and finance systems."* During its phase 2 (2013-14), the project will build upon the achievements of Phase I in the following ways:

- Extending the project timescale will allow better integration of climate change resilience activities with the sub-national investment programmes and in particular will allow the concept of performance-based grants to be more thoroughly tested;
- The geographic expansion will allow methods developed and lessons learned in Phase I to be applied and climate change resilience planning tested in more varied geographic, ecological and socio-economic settings; and
- With the introduction from 2013 of DMA financial management system, administration of the PBCR grant scheme will be properly integrated with the sub-national public expenditure management systems, opening opportunities to test innovative financial management arrangements and modalities with potential significance for areas other than climate change adaptation.

5. - PBCR Grants are a typical form of categorical or purpose-specific fiscal transfers; as such they are not necessarily linked to a particular assigned or delegated service delivery function to the extent that their purpose is to provide incentive to SNA to invest in local level infrastructure and/or services

in areas that fall within their permissive functions (general mandate) domain - climate change adaptation in this case.

Objective and Scope of the assignment

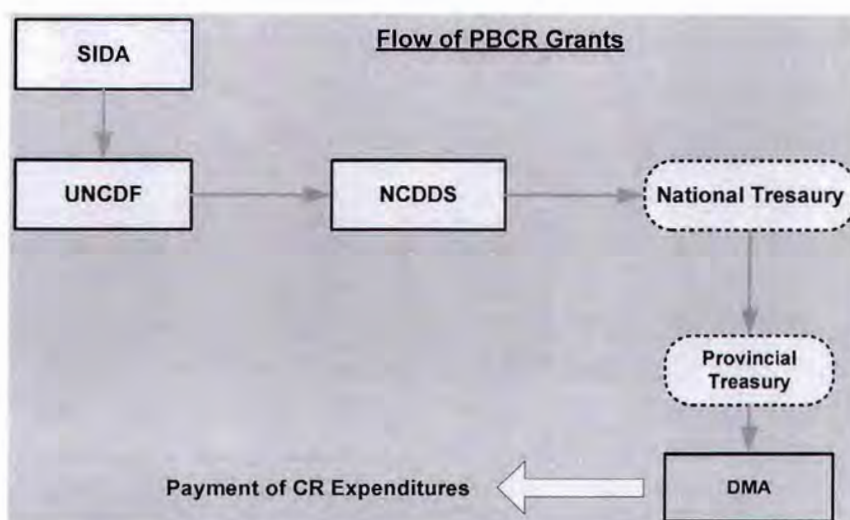
4. - The objective of the assignment is to develop the financial management rules and procedures for "specific purpose grants" to District and Municipal administrations, suitable to apply in the context of mainstreaming climate change resilience into the subnational planning and budgeting process.

5. - Building on the report "**Conditional Fiscal Transfers Mechanisms Design Framework**"¹, the consultant was asked to design the rules and procedures that will govern the flow of funds for the performance-based climate resilience grants (PBCR) to accrue to participating District and Municipal Administrations, in the framework of the Local Governments and Climate Change project (LGCC).

2. Flow of Funds

The arrangements prescribed hereafter for the flow of PBCR grants are based on the following considerations:

- The DM Administrations are now fully recognized as a genuine decentralized subnational level of administration, and as such they enjoy from 2013 on budgetary autonomy on the basis of the regulations on the DM Fund (Sub-Decree No 36 dated 7 March 2012) and the DMA Financial Management System (Sub-Decree No 172 dated 19 October 2012);
- The provisions of the memorandum of understanding (MOU) regulating the implementation of the LGCC project, in particular Art. 2 (Funding Arrangements) and Art. 5.1 which states that "NCDDS will transfer the PBCR grants to the deposit accounts held by the respective District/Municipality Administrations at the Provincial Treasuries through the National Treasury system";
- The target (pilot) District/Municipal Administrations are the statutory beneficiaries of the PBCR grants under the LGCC project



¹ Prepared by the same consultant. November, 2012

The flow of PBCR funds shall be as per the following arrangements:

- (1) The Sweden International Development Agency (SIDA) shall make its financial contribution to the LGCC-2 project (PBCR grant component) available to UNCDF as per the agreed terms;
- (2) UNCDF shall undertake to transfer the whole annual allotment of the PBCR grants (a single installment every fiscal year) to the Secretariat of the National Committee for Subnational Democratic Development (NCDDDS), upon confirmation by the latter that the recipient District/Municipal Administrations (DMA) have fulfilled the Minimum Access Conditions;

NCDDDS shall have to hold a bank account (in USD) to be dedicated to receiving and disbursing the grants to the beneficiary DMA (and eventually for the payment of other LGCC expenses); the LGCC bank account shall be managed in accordance with the Royal Government of Cambodia (RGC) established rules and procedures for the management of external aid.

- (3) NCDDDS shall make the PBCR grants available to the target DMA in two installments:
 - (a) 50% of the grant not later than 31 March, subject to verification that the concerned DMA have complied with the Minimum Access Conditions;
 - (b) The remaining 50% not later than 15 July, subject to fulfillment by DMA of their reporting obligations (a progress report on the implementation of the CR budgeted activities during the first semester) ;

- The progress reports must attest that the PBCR funds were used in according with the established menu of eligible expenditures;
- Failure to comply with the triggers requirement will lead to withholding (or even cancelling) the release of funds until the concerned DMA has satisfied the required conditions.

- (4) NCDDDS shall transfer the individual grants to the recipient DMA through the National Treasury system:
 - NCDDDS shall request the National Treasury to transfer the funds to the beneficiary DMA accounts held at the provincial treasuries
 - The request shall be supported by the prove that the funds have been already transferred from the NCDDDS bank account to the account of the bank account of the National Treasury at the National Bank of Cambodia (or any other bank as instructed by the National Treasury management)
 - The request is also supported by the list of beneficiary DMA, indicating their respective allocations.
- (5) DMA shall therefore access their shares in the PBCR grants through their respective Riel-denominated deposit accounts at the provincial treasury (in the same manner as their fiscal transfers from the DM Fund);

DMA shall use the CR grant proceeds funds for the payment of CR planned activities, including eventually providing sub-grants to commune councils within their territorial constituency.

3. Planning and Budgeting Process

DMA shall use the PBCR grants in accordance with the following rules and procedures:

(a) Planning Process

DMA shall have to undertake an annual participatory "programming" process, with active involvement of the commune/sangkat councils to allocate the additional resources of the PBCR grant. The process must lead to the adoption by the DMA Administration of the annual Climate Change Adaptation activity programme. Therefore, the programming process is a joint undertaking of the DMA and its commune and sangkat councils.

The annual programming process is summarized in the following table². It is conducted by the District/Municipality Administration (planning working group) with participation of the CS Councils through their Planning and Budgeting Committees, and the assistance of the "CS Technical Support Team" to facilitate meetings at CS level.

Step		Process
1	Vulnerability Reduction Analysis in Selected Communities	Conduct participatory vulnerability reduction analysis (VRA) in communities that are deemed to represent the range of social, economic and environmental conditions existing in the District/Municipality.
2	District/Municipal Climate Change Adaptation Strategy Workshop	<ul style="list-style-type: none"> • Hold a <u>Climate Change Adaptation Strategy</u> (CCAS) workshop; • Participants are: DM Planning Working Group, 2 representatives (1 woman and 1 man) of the DM Council and 2 representatives (1 woman and 1 man) of each CS Council, and the CS Technical Support Team • Purpose: (i) to develop the District/Municipal Climate Change Adaptation Strategy (including identification of key types of investment for climate change adaptation); (ii) to agree on the <u>Prioritization Criteria</u> for the selection of projects and activities eligible for funding by the PBCR Grant.
3	Identification of Candidate Activities	<ul style="list-style-type: none"> • Activities to be implemented at DM level are identified by the DM planning working group (PWG) • Activities are selected from the DM Investment Programme by applying the Prioritization Criteria, provided that such activities are consistent with the menu of eligible uses and the CCAS • Activities to be implemented at CS level are identified by the CS Planning and Budgeting Committee, using the same Prioritization Criteria, and leading to the preparation of • A proposal of CCA related infrastructure and/or service activities (supported by a brief statement on key climate change vulnerabilities in the CS); the proposal is to be submitted to the District Planning Working Group for review
4	Project Identification	<ul style="list-style-type: none"> • Hold a meeting attended by the same participants as in Step 2 above; • Outcome of the meeting: To set the definitive list of projects or activities to be funded from the PBCR grants (the DMA annual <u>CCA activity programme</u>) • The CCA Activity Programme shall therefore include: <ul style="list-style-type: none"> (a) - activities to be executed by the DMA itself (b) - activities to be executed by selected Commune Councils, to be funded by a share of the PBCR funds (sub-grant)

² For detailed process, see the MOU for LGCC project (annex 2)

(b) Cooperation District - Commune Councils

It should be stress again that under LGCC- phase II, the DMA are the "owner" of the PBCR grants, and as such, responsible for the development and execution of the CCA programme within the District Administration's jurisdiction. Nevertheless, LGCC project advocates the active involvement of commune councils in the design and implementation of CCA activities. To this end, the District shall have to assign a share of its PBCR funds to a selected number of commune councils to enable them implement some of the activities identified during the joint planning process. In practice, such arrangement shall entail the following steps:

- Agreement, during the joint planning process, on the activities that can be "delegated" to the commune councils (not necessarily all commune councils); the agreement should be formalized in written to be signed by the District Governor or its representative and the Commune Council Chief;
- Determination of the share of PBCR Grant to be "passed" to the concerned commune councils (in the form of a subsidy or sub-grant); this share shall be reflected in budget of the District (as an expenditure), and in the respective commune councils (as a revenue earmarked for CCA);
- Once the funds are released to the account of the District, the latter shall undertake to transfer the sub-grant to the concerned communes councils (through the provincial treasury system);
- The commune councils shall use the sub-grant to implement the agreed activities and report to the District Administration accordingly (see "reporting arrangements" below), while
- The District Administration shall be responsible for providing technical assistance to the commune councils and monitoring their performance in fulfilling their obligations in this respect.

(c) Budgeting Process

Notification of the PBCR Grant Allocation

NCCDS shall have to determine and notify the individual allocations to the target DMA in due time so that the latter can complete the programming and the budgeting process, ideally before the deadline for the adoption of the draft budget by the DMA council (30 June). The notification shall state the amount of the allocation and the conditions that the DMA is required to fulfill to effectively access the funds.

In the event, the notification cannot be issued within the above-mentioned deadline (that is after the draft budget has been adopted), the DMA shall have to undertake a budget revision any time after (preferably before the start of the concerned fiscal year) to reflect the PBCR grant and related expenditures.

Budget Classification

At the DMA level, the PBCR grant and related utilization shall be reflected in the budget as follows:

- On the revenues side: **Budget Line 753 - Subsidy (earmarked transfers)**;
- On the expenditures side: costs of CCA projects and activities (implemented by the DMA) shall be reflected in the spending budget lines as per the statutory budget classification (depending

on the type of costs), while the sub-grants to CS Councils shall be reflected in the budget line **6513 - Subsidies to Commune/Sangkat Councils**;

- It should be noted that, because the current budget format is based on the economic (line-item) classification of expenditures, it is not possible to reflect the CCA planned activities under separate expenditure lines;
- However, in order to monitor CCA spending (in particular, to ensure that the grant is being used for the intended purposes), the DMA shall be required to prepare and attach to its (revised) budget a detailed table showing the following information:

Type of Activity	Budget Line	Amount
	61 - Administration Costs - to be detailed by sub-item	
	62 – Service Costs (CCA non-infrastructure activities– to be detailed by sub-item	
	21 – Fixed Assets– to be detailed by project	
Total = PBCR Grant		

- The above “PBCR Grant Table” shall enable the DMA to monitor the budget execution, and allow the provincial treasury office to monitor and report on payments authorized by the DMA Governor for the implementation of the CCA activity programme.

At the CS Council level:

- The PBCR sub-grant shall be posted to the budget line **7552 - Subsidy from DMA**;
- On the expenditures side: costs of CCA activities shall be reflected in the spending budget lines as per the statutory budget classification (depending on the type of costs);
- As in the case of DMA et for the same purpose, the CS Council shall be required to prepare and attach to its (revised) budget a table showing the detailed costing of activities as per the standard budget classification (see table model above).

Mainstreaming Climate Change in Local Planning

Mainstreaming CCA in local planning is an important component of the LGCC project objective. Mainstreaming of CCA is taken to mean that:

- The full scope and implications of future climate change scenarios are understood and considered;
- Climate change impacts and possible responses are analyzed in each affected sector;
- A general strategy for building climate resilience is developed to guide prioritization of CCA projects.

LGCC supports mainstreaming of climate change into the plans and investment programmes of the participating sub-national administrations (provincial and district/municipal levels), advocating the following methodology:

1. Introduce simple climate change scenarios as a basis for discussion;
2. Support Vulnerability Reduction Analysis (VRA) in local communities within the LGCC target Districts (including consideration of the scenarios)
3. Support mainstreaming of the insights from the VRA into DMA and Commune and Sangkat development plans;
4. Support participating District/Municipality to develop a strategy for climate change adaptation;
5. Support each participating District/Municipality to integrate climate change adaptation into the annual update of their Investment Programme, based on the District Climate Change Adaptation Strategy;
6. Work with NCDD, Ministry of Planning and other stakeholders to integrate the Climate Change Adaptation Strategy into the D/M Development Planning Process.

The planning guidelines for the Province and District levels issued by the Ministry of Planning in 2011 include consideration of climate change. However climate change is treated as a sectoral issue (grouped with environment and disaster preparedness) rather than having potential implications on all sectors; yet, the guidelines do not prescribe how to consider and account for expected future climate change into planning.

(Adapted from the LGCC Phase 2 Concept Note)

4. Climate Change Codes

The need for CC Codes

Climate change has become a serious concern as its impacts are being increasingly felt on many aspects people's life: water resources, food security, biodiversity, forests degradation, vanishing infrastructure, human health, and livelihood bases. Governments and societies over the world (in particular in areas that are prone to CC risks and threats) are engaging increasing volume of their fiscal resources to tackle effects of CC (mitigation and adaptation).

However, in most cases, the national budget classification does not reveal the scope of effort in this respect (climate change related activities and funding). Indeed, many activities are climate related, but they cannot be reported as such because they are often "buried" under the broader categories of expenditures. As a result, it is difficult to reveal the extent to which investment in climate related activities has been made in the country and to assess the required level of investment for future programmes and committed fiscal resources.

Therefore, using climate change budget codes will not only help delineate climate expenditures, but will improve planning of CC programmes and make it easier to monitor their implementation. The process of constructing CC codes includes the following steps:

- (a) Clear definition and delimitation of CC related programmes and activities
- (b) Analysis of the content and cost structure of each CC related activity included in the national budget to determine the weight (in % of the total cost) of its CC content (for instance, high: code 1, medium: code 2, neutral: code 3)
- (c) Assign one-digit additional code (1, 2 or 3) to each budgeted programme or activity code (depending on the level of CC relevance)³.

The sum of the costs of programmes and activities with CC code 1 or 2 shall inform on the total CC related spending in the national budget.

Case of Cambodia

The Ministry of Economy and Finance has just completed the development of a new budget classification (with TA from the International Monetary Fund). The revised national budget structure is based on a six-segment framework as follows⁴:

³ Example of Nepal

⁴ MEF foresees the full application of the new classification framework starting from the 2015 budget.

National Budget Classification Framework											
Function		Administrative Classification		Program Classification		Funding Source		Economic Classification		Geographic	
Function	2	Ministry	2	Program	3	Source	1	Class	1	Province	2
Sub-Function	2	General Department	1	Sub-Program	2	Fund/Donor	2	Chapter	1	District	2
		Provincial Office	2	Activity	2	Projects	2	Account	1	Commune	2
		Public Institutions	3			Component	1	Sub-Account	1		
						Sub-Component	1				
Total Digits	4		8		7		7		4		6

As it is clear from the above table, the new budget classification does not allow for systematically tracking CC resources allocation and related expenditures; however, the new classification does offer the possibility of identifying Climate Change related expenditures at the Programme Classification level; for that to happen, the concerned government agency (ministry or similar) should develop one (or more than one) "Climate Change Programme" to be identified by a specific code. Yet, MEF could instruct all public agencies to assign the same digit-code to CC programmes so that total CC spending can be determined.

5. Implementation and Procurement Rules

The DMA may resort to any of the following modalities for the implementation of the PBCR grant-funded activities:

- Partnership with a District level Line (sectoral) Office;
- Partnership with a Provincial level Line (sectoral) Department
- Contracting a private sector service provider or a local non-government or community based organization

The DMA shall follow the standard procedures applying to the procurement of works, goods and services under the rules of the DM Fund and the DMA Financial Management System and any pursuant regulations, instructions and guidelines; while the CS Council are required to follow the procedures of the CS Fund Project Implementation Manual (PIM).

6. Payment and Accounting Rules

The following shall apply to account for the disbursement and utilization of the PBCR grants:

Disbursement of funds:

- NCDDS shall request the Ministry of Economy and Finance (National Treasury) to transfer the PBCR grant installments to the beneficiary DMA as per the established disbursement schedule;
- The National Treasury shall credit the Grant installments to the "deposit account" of the concerned DMA at the provincial treasury and notify the DMA accordingly;
- If any, the DMA shall issue a payment order to request the provincial treasury to transfer the PBCR sub-grant to the beneficiary CS Councils;

Payment of expenditures

- Payment of PBCR grant related expenditures shall follow the same process as for any other DMA or CS expenditure (that is through payment orders signed by the DMA Governor or the CS Chief, and executed by the provincial treasury);
- However, in order to enable the provincial treasury monitor and account for those expenditures, the payment order must clearly mention the CCA nature of the expenditure (using the same titles and description as in the CCA activities table attached to the budget).

Tracking CCA related expenditures in the accounting system:

DMA and CS Councils are accountable to NCDD (and subsequently to UNCDF) for the proper use of the PBCR grants in according with the established, mandatory conditions and arrangements; the DMA (and CS Councils) accounting system must therefore properly track all expenditures funded by the Grant so that timely reporting can be provided. To this end, the following procedure is recommended (based on current public finance chart of accounts):

- Expenditures related to CCA activities are to be posted to (i) the appropriate expenditure account as per the standard chart of accounts of the subnational administrations, and at the same time (ii) an account dedicated to track spending transactions in relation to those functions, currently such account is called **"Pending Transactions" - code: 48;**
- The purpose of the "48- Pending Transactions" account is keep a track of all payments made in respect of the PBCR grant proceeds - which otherwise are fungible with the rest of DMA or CS expenditures ; this account shall show a zero-balance at all times (see example hereafter):

Example: payment of a contractor's bill (works) for an amount of 2,000. This transaction shall be posted in the accounting system (operated by the provincial treasury) as follows:

Step 1:

- Debit Account 21 (Fixed Assets): 2000
- Credit "Account 48": 2000

Step 2:

- Debit "Account 48" : 2000
- Credit Account 51 (Deposit @ Treasury): 2000

- The format of the "48- Pending Transactions" account could be as follows:

48- Pending Transactions Account Format									
Date	Description	Posting		Expenditures Items					
		Debit	Credit	21	60	61	62	6513	Total
Total		∑ Debits	∑ Credits						∑ Items
The Account must verify the following equation: $\sum \text{Debits} = \sum \text{Credits} = \sum \text{Expenditure Items}$									

- At the closing of the fiscal year, to ensure that any non-used PBCR funds are carried over to the following year, the accountant of the DMA must make the following adjustment:
 - Debit "Account 753 (PBCR Grant)" for the unused amount
 - Credit "Suspense Account 470" for the same amount.
- At the beginning of the new fiscal year, the above posting must be reversed:
 - Debit "Suspense Account 470" for the same amount.
 - Credit "Account 753 (PBCR Grant)" for the unused amount

Note: The above provision (carrying over non-used funds) must be clearly agreed between NCDDS and the Ministry of Economy and Finance for the standard rules require that non-used budget appropriations are cancelled at the closing of the fiscal year.

- The same adjustment is to be applied at CS level: unspent amount of the PBCR grant shall be posted to "Reserve Fund" account in order to be carried over to the following financial year and used for the same purpose.
- For monitoring and auditing purposes, the accounting records and their related supporting documents shall have to be maintained by the provincial treasury in the case of CS Councils and District/Municipal Administrations.

Note: The National Treasury shall have to issue proper instructions (circular) to the provincial treasury of Takeo and Battambang on the procedure to be applied for the management and reporting on the PBCR grants (along the procedure described above).

7. Reporting Arrangements

Reporting Agency	Recipient Agency	Reported Information
CS Council	DMA	Execution of planned CCA activities (physical progress and financial transactions)
DMA	Provincial Administration	Consolidated DM level information on CCA activities (funded by PBCR grant), including (i) activities implemented by DMA itself and (ii) any activities delegated to CS Councils (sub-grants)
Provincial Administration	NCDDS	Consolidated provincial level reports on the execution of the annual CCA programme, including (i) DMA level consolidated information and (ii) "strategic" provincial level CCA related activities
NCDDS	UNCDF	Reporting on the execution of the LGCC annual activity programme

(1) CS Council Reporting

The CS Council shall have the obligation to prepare and submit, on monthly basis, a report to the DMA, including:

- Narrative on the execution of the agreed CCA activities, supported by
- Related financial information: payments breakdown by type of expenditures (based on the records of the "48- Pending Transactions" account).

CS Reporting on Use of PBCR Grants as of						
Code	Expenditure Classification	Total Budget	Previous Periods	This Period	Cumul to Date	Balance
		(1)	(2)	(3)	(4)= (2) + (3)	(5) = (1) - (4)
21	Capital Expenditures					
60	Purchase					
61	Services					
62	Other services					
	Total					
756	PBCR Grant received					

(2) DMA Reporting

The DMA is accountable for reporting to the Provincial administration on execution of its CCA activity programme, based on the reports received from the CS Councils if any. The monthly reporting shall include:

- Progress made in the execution of the CCA activities, supported by
- Related financial statement: payments breakdown by type of expenditures (generated from the records of the "48- Pending Transactions" account).

DMA Reporting on Use of PBCR Grants as of						
Code	Expenditure Classification	Total Budget	Previous Periods	This Period	Cumul to Date	Balance
		(1)	(2)	(3)	(4)= (2) + (3)	(5) = (1) - (4)
21	Capital Expenditures					
60	Purchase					
61	Services					
62	Other services					
6513	Sub-Grants to CS Councils					
	Total					
756	PBCR Grant received					

(3) Provincial Administration Reporting

The Provincial Administration shall report to NCCDS on the implementation of the CCA activity programme (including the utilization of the PBCR grants) based on the aggregation of reports received from the DMA, and provincial-level CCA activities; the monthly report shall include (i) a narrative of the execution of the CCA programme together with related financial statement.

(4) National Level Reporting

NCDDS shall review and assess reports submitted by the Provincial Administrations on the implementation of the Climate Change Adaptation activity programme; NCDDS shall also provide quarterly physical progress and financial reports to UNCDF office in Bangkok; the latter is responsible for reporting to the Development Partners (SIDA).

8. Roles and Obligations of Involved Parties

Management of the PBCR grants scheme requires that all involved parties are aware of their respective roles and responsibilities, and seek to fulfill them in a consistent, cooperative manner:

Ministry of Economy and Finance:

- To provide assistance and facilitation in the management of PBCR Grant funds flow (Department of Local Finance);
- To execute transfer of funds to the beneficiary DMA and Commune Councils in a timely, effective manner (National Treasury)
- To provide assistance to DMA and Commune Councils in reporting on the use of PBCR Grants (Provincial Treasury).

NCDDS:

- Management of the bank account dedicated to receiving and disbursing funds earmarked for PBCR grants;
- Verification of the Minimum Conditions to be fulfilled by the participating DMA
- Assessing performance of DMA in respect of the established performance measures
- Determination of the size of the PBCR grants based on the performance evaluation
- Notification of the grant amount to the concerned DMA
- Verification of the triggers for releasing the funds to the participating DMA
- Transfer of PBCR Grant funds to the DMA accounts at the provincial treasury, in accordance with the established schedule
- Providing support and monitoring implementation of CCA activities at sub-national level;
- Compilation of data on project outputs through the NCDDS database and M&E systems;
- Compilation of progress and financial reports on the utilization of PBCR Grant funds, for submission to LoCAL Secretariat.

Provincial Administration

- To provide support to, and monitor the performance of the participating DMA in managing their CCA programme;
- To collect and verify data on the implementation of the CCA programme by the participating DMA;
- To compile and aggregate financial reports on the utilization of PBCR grants by the participating DMA, for submission to NCDDS.

District and Municipal Administrations

- To streamline CCA into the District/Municipal Development Plans and Investment Programmes, jointly with the CS councils
- To prepare and submit an annual CCA activity programme to be funded by the PBCR Grant allocations;
- To include in the budget document the PBCR Grant allocation and related, intended expenditures;
- To fulfill the conditions attached to the allocation and disbursement of the PBCR Grant funds
- To execute the annual CCA activity programme

- To use the PBCR Grant funds in accordance with the established financial management rules
- To ensure that PBCR sub-grants are made available to participating commune councils in due time to allow the latter execute their own CCA activities (as agreed during the joint planning process)
- To support and monitor the participating commune councils in the management of PBCR sub-grants
- To provide progress and financial reports on the management of PBCR Grant funds to the provincial administration, as per the established schedule and format.

Commune Councils

- To participate in the annual, joint planning process (CCA activity programme)
- To implement the CCA activities assigned to them during the joint planning process
- To manage the PBCR sub-grants and report to the District Administration accordingly.

UNCDF (Secretariat⁵ and Cambodia-based Support Team)

- To assist the RGC (NCDDS) in the mobilization of financial contributions to the PBCR Grant scheme;
- To ensure that external funding is made available to NCDDS in due time to allow timely, effective implementation of the CCA programme;
- To assist NCDDS in the administration of the PBCR Grant scheme (determination/revision of minimum conditions and performance measures; annual evaluation of DMA performance, verification of minimum conditions...);
- To provide technical assistance to concerned RGC institutions (NCCDS, MEF, MOP) on streamlining CCA into the subnational planning and financial management systems;
- To report on the administration of PBCR Grant scheme to the concerned Development Partners;
- To prepare an annual progress report of the PBCR Grant scheme achievements and lessons learnt.

⁵ Based in the UNCDF Asia-Pacific Regional Office in Bangkok.