

## 8. New partnerships for poverty reduction

### Summary

- Whether Cambodia will achieve the poverty reduction goals set out in the National Strategic Development Plan (NSDP) 2006-2010, will depend in large part on whether the Government is able to foster a pattern of economic growth that directs more benefits towards sectors, regions and enterprises that include the poor. This can be illustrated in projections based on alternative growth scenarios. If industry and services were to grow by 10 percent per annum, while agriculture continued to average only 2.5 percent per annum, poverty would fall but at a modest rate, and Cambodia would not achieve its 2015 target of reducing poverty to 24 percent. If however GDP in agriculture achieved 4 percent per annum growth, with net GDP growth held constant at 7 percent per annum, Cambodia would be likely to achieve and surpass the poverty reduction target.
- Achieving pro-poor growth and improved service delivery will require further improvements in the relevance and effectiveness of policies and spending. Given the scale of ODA in Cambodia, the quality of government-donor relationships and aid effectiveness is of critical importance. Over the last decade, aid has played a role in a number of successes. However, a significant proportion has also been badly designed or implemented, resulting in inefficiency and contributing to the governance problems of the Cambodian state.
- Meeting the poverty reduction targets laid out in the CMDGs thus requires improving both national capacity and governance *and* aid effectiveness. This will require progress on the three fronts of ownership, alignment and harmonization.
- Ownership implies that aid is directed to activities determined by the Government, rather than driven by the donors. By outlining policies and spending priorities for the next five years, the NSDP creates a framework to which donors can and should align their aid programs. It lays out poverty reduction goals, aligned to the Cambodian Millennium Development Goals (CMDGs); asserts the role of the rolling Public Investment Plan (PIP) in aligning capital expenditures to NSDP priorities; and puts in place arrangements for annual progress reviews and policy adjustments.
- Donors now need to support the NSDP by harmonizing their aid (e.g. cooperating amongst themselves to standardize management systems and share analysis) and aligning it to government priorities and systems (for example, through the PIP or sector-wide approaches). While progress towards harmonization and alignment has been made in recent years, much more is needed.
- Finally, the Government, donors and civil society need to establish effective partnerships for monitoring and evaluating progress in the implementation and outcomes of the NSDP. Once again, progress has been made, and the Statistical Master Plan provides the outline of both the specific exercises and systems for the collection of socio-economic data, and the capacity-building improvements required for sustaining this work. Further refining and then financing the M&E framework outlined in the NSDP will be essential for joint monitoring of progress in poverty reduction.

The previous chapter attempted to identify some of the strategic challenges that the Royal Government must tackle to accelerate progress in poverty reduction. We begin this final chapter by mapping out a series of scenarios regarding the rate and distribution of economic growth, and how these different scenarios would result in different rates of progress. The next section then describes the Government's new medium-term development strategy (the National Strategic Development Plan or NSDP), which lays out strategies to reduce poverty between 2006 and 2010.

The primary purpose of the NSDP is to guide policies and resource allocation decisions of the sovereign Royal Government of Cambodia. However, the Cambodian state remains severely under-resourced and remains heavily dependent upon external assistance, whether defined in terms of the size of ODA relative to national GDP (which has averaged around 13 percent for the last ten years); or in relation to government expenditures (which over the period 1999-2004 have been relatively stable but declining gradually, with ODA a little under half of the budget in recent years).

Cambodia is likely to remain heavily dependent upon flows of official development assistance (ODA) for several years to come. As such, the relevance, efficiency and effectiveness of aid become critically important to achieving the targets laid out in the NSDP. In the decade since the Paris Peace Accord paved the way for large-scale aid inflows, Cambodia has received substantial quantities of ODA. While donors can thus take a share of the credit for some of the improvements in service delivery and outcomes seen over the last decade, it is also widely acknowledged that aid coordination and delivery has often fallen below the

standards that they should have met. Heavy reliance on technical assistance (TA) and stand-alone projects, while partially justifiable as a response to capacity and governance problems within government institutions, have too often actually retarded moves to improve those institutions over the long term.

Thus, if the NSDP is to achieve its goals, it is important that the Government and its external partners identify ways to work together more efficiently and effectively so that ODA programs support the poverty reduction policies outlined in the Government's NSDP—and in doing so add up to more than the sum of their parts. The third section of this chapter briefly reviews some of the problems that have affected aid to Cambodia in the last decade, and describes how the increasingly complete institutional and policy framework for aid management might address these problems over the course of the NSDP.

Finally, the chapter addresses the requirements for monitoring and evaluating progress towards the Government's poverty reduction goals. After many years in which donor assistance to data collection and analysis has been somewhat *ad hoc* and supply-driven, the National Institute of Statistics together with the donor community has developed a more strategic medium-term framework for statistical capacity-building and specific statistical exercises. The final section describes this framework, and identifies what is needed to improve the availability of timely, accurate and relevant information for policy-makers seeking to design and implement anti-poverty strategies.

**Table 8.1: The rate of poverty reduction has been good—but a number of other countries have done better**

| Country    | Period     |          | % under poverty line |             | Average annual rate of poverty reduction |
|------------|------------|----------|----------------------|-------------|--|
|            | Start year | End year | in start year        | in end year |  |
| Nicaragua  | 1993       | 2001     | 50                   | 56          | 0.5                                      |
| Cambodia   | 1993/4     | 2004     | 47                   | 35          | 1.1                                      |
| Lao PDR    | 1993       | 2003     | 46                   | 33          | 1.3                                      |
| Mozambique | 1997       | 2003     | 69                   | 54          | 2.5                                      |
| Uganda     | 1992       | 2000     | 56                   | 35          | 2.6                                      |
| Vietnam    | 1993       | 2002     | 58                   | 29          | 3.2                                      |
| Tajikistan | 1999       | 2003     | 75                   | 57          | 4.5                                      |

Source: World Bank 2003; CSES 2004; Lao PDR 2003; Commission for Africa 2005; Poverty Task Force 2003; World Bank 2005.

## Will Cambodia meet its poverty reduction targets?

### *Assessing the past decade*

A reduction in poverty by 10 to 15 percentage points over the course of a decade is a significant achievement. Accounting for population growth, there are now some 460,000 fewer poor people in Cambodia than there were ten years ago<sup>1</sup>.

This is, obviously, a very positive development. In international terms, however, Cambodia's performance in reducing poverty is respectable but not exceptional. Unlike many countries which have emerged from civil war, it has avoided slipping back into conflict. However, there are also a number of low-income countries that have achieved significantly higher per annum rates of poverty reduction (Table 2). These include a number of countries that share Cambodia's history of emerging from conflict during the 1990s (e.g.

Mozambique); or, indeed, which still suffer from conflict in parts of their territory (e.g. Uganda). This is in one sense encouraging, as it suggests that, given moderately favorable external circumstances and good government policies, it should be possible to not only sustain but increase the rate of poverty reduction in the future.

### *Projecting trends for the next decade*

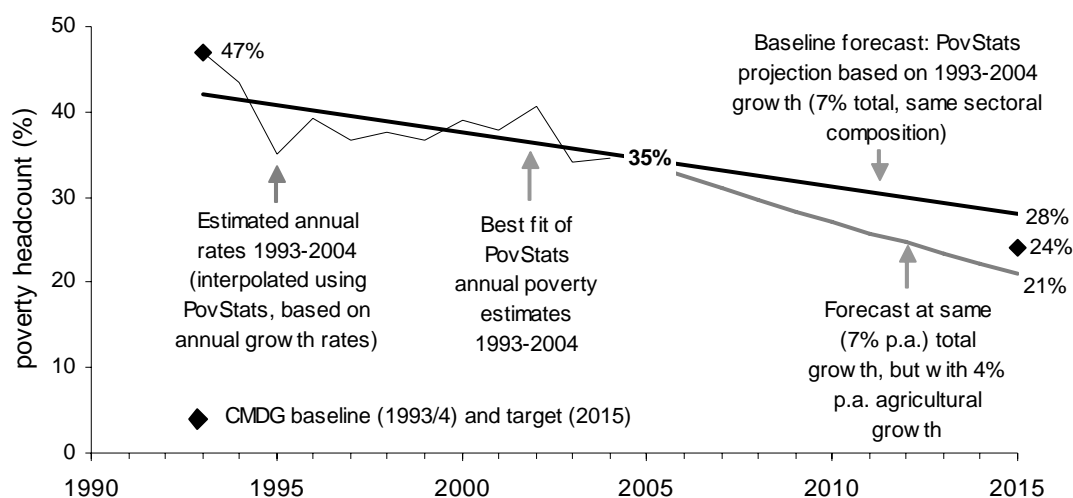
The level and pattern of economic growth will critically affect the rate at which poverty falls over the coming years, and thus the prospects of Cambodia achieving the Cambodian Millennium Development Goal (CMDG) target of reducing consumption poverty to half its baseline 1993/94 value by 2015<sup>2</sup> (i.e. from 47

<sup>1</sup> Given the difficulties in pinning down the 1993/94 poverty headcount estimate with precision, it may be better to say that there are anywhere between 240,000 and 790,000 fewer poor now than in 1993/94.

<sup>2</sup> At present, this 2015 poverty incidence target is set in both the NSDP and the 2005 CG Update at 19.5 percent. This is based on an old, straightforward reading of the incidence found in the 1993/94 survey, which would establish a baseline of 39 percent. If however we attempt to come up with a more realistic baseline figure for poverty in the whole of Cambodia in 1993/94 through backward projection using what we know to have been the trend in the parts of the country covered by both the 1993/94 and 2004 surveys, we would

**Figure 8.1: Current growth rates will not halve poverty by 2015—unless more of that growth comes from agriculture**

- Alternative scenarios for growth and poverty reduction, 2007-2015



Source: World Bank projections (backward and forward), using SESC 1993/4 and CSES 2004 data and PovStats.

percent to 24 percent). There are various ways in which alternative scenarios could be formulated. The one we use here is relatively simple. Using the CSES 2004 as the base year, we back-project annual poverty headcount estimates for the years 1994-2004 (i.e. estimating poverty rates for the years between the 35 percent recorded in 2004 and the 47 percent estimated for 1993) on the basis of annual sectoral rates of GDP growth and the World Bank's *PovStat Toolkit* (see Annex for details of the methodology). The best-fit line for these estimates provides us with a trend line for poverty over the period 1993-2004.

Figure 8.1 presents these annual estimates, historical trend line and two forward projections, reflecting different growth scenarios. The first projection represents a linear extension of the trend in poverty between 1993 and 2004, representing the

rate of poverty reduction that will occur if growth continues at the same overall rate (7 percent per annum) and sectoral composition as over the last decade. The second projection is based upon a scenario in which overall growth remains the same (7 percent per annum) but the rate of growth in agriculture rose to 4 percent per annum (with corresponding reductions in the rates of industrial and service sector growth). As with the historical annual poverty rates between 1994 and 2004, these two forward scenarios are estimated using PovStats software. Any changes are assumed to come into effect only from 2007, as it is assumed that the level and pattern of growth in 2005 and 2006 will be the same as in preceding years.

As can be seen from Figure 8.1, Cambodia is unlikely to attain the 2015 poverty reduction under the first, "no change" scenario. According to this projection, if growth continues at current sectoral rates, the poverty rate in 2015 would be closer to 29 percent than the target of 24 percent.

estimate the 1993/4 baseline as 47 percent (Chapter 2), and the 2015 target therefore at 23.5 percent.

However, in the second scenario (indicated by the dark grey line in Figure 8.1) of slightly accelerated (4 percent per annum) agricultural growth, the fall in poverty between 2007 and 2015 is likely to be considerably steeper. Under this scenario, Cambodia is highly likely to attain its MDG poverty target, with a projected poverty rate of 21 percent in 2015.

By putting numbers to alternative scenarios, these projections help to confirm the intuitive case that if poverty reduction is to be sustained or accelerated, there needs to be a concerted effort to raise the rate of agricultural growth—and to do so in such a way that it benefits the rural majority and the rural poor. This does not mean that other sectors can be neglected; for example, raising the level of education and mitigating the economic impact of high-cost, low-quality health care for serious illness will themselves have important positive consequences for rural growth. It does however help to make the case that policies and investments for economic growth need to focus explicitly on agriculture and the rural economy if they are to help Cambodia achieve its goals for poverty reduction.

### **The NSDP and CMDGs**

To tackle a cross-cutting problem such as poverty, a government needs to adopt a holistic, prioritized medium-term framework that draws together policies in a broad range of sectors (from macroeconomic management to enhancing productivity to improving service delivery) with resource allocation and institutional development strategies. Many governments have institutionalized five-year national development plans as the cornerstone of their policy and planning systems. These form the basis for medium-term public expenditure plans

and, in turn, shape annual planning and budget processes. In countries where such planning systems do not exist or do not address poverty, the donor community has since 2000 advocated the development of Poverty Reduction Strategies or PRS (Box 8.1).

The importance of a credible PRS in improving aid effectiveness has been reinforced in recent years as the global agenda for aid harmonization and alignment has developed momentum. The March 2005 Paris Declaration on Aid Effectiveness identifies the existence of a national development strategy as the prerequisite for government ownership. It also commits donors to align their country programs to partners' national development strategies (and periodic reviews of progress against goals set out in these strategies).

### ***Medium-term planning in Cambodia, 1993-2005***

The Cambodian planning process was rebuilt over the 1980s with very limited resources and on the basis of a centrally-planned economy. It has evolved since 1993, with inputs from donors, to adapt to a more complex mixed economy.

However, it still faces a number of severe constraints growing out of a combination of: (i) limited financial and human resources; and (ii) institutional and process arrangements which are not always best suited for the tasks they are assigned (Toda 2001). Cross-government planning and alignment of budgets to plans are still weak<sup>3</sup>.

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<sup>3</sup> See the previous chapter for discussion of the credibility of the budget.

**Box 8.1: Poverty Reduction Strategies: ownership, participation and poverty outcomes**

The promotion by donors of Poverty Reduction Strategies (or, originally, Poverty Reduction Strategy Papers) emerged from a number of roots. Initially, the proposal was that countries qualifying for World Bank and IMF debt relief would have to produce a PRSP to show that the money would be allocated to poverty reduction, and how. However, the promotion of PRSPs was soon generalized to *all* countries in receipt of IFI concessional financing—and increasingly adopted by other donors as a lynchpin of aid dialogue at the country level. The approach recognized that policies mandated as part of traditional structural adjustment conditionalities were often unfulfilled or unsuccessful because the recipient government lacked commitment to them. Low levels of aid effectiveness were attributed to the lack of “ownership” by the recipient government. By contrast, countries (Uganda was the best known example) that had produced their own comprehensive medium-term strategies for poverty reduction, linked to budget processes and developed with participation from the poor, appeared to have had much more success in sustaining reforms that added up to more than the sum of their parts.

A PRS, thus, was intended to help redefine the relationship between a government and its donors. If the government could articulate a coherent and credible medium-plan for orienting policies and public expenditure towards poverty reduction goals, the donors would accept this as the framework for their aid programs. Carried through in sector-wide approaches (SWAPs) and medium-term expenditure framework (MTEF), the PRS would lay the groundwork for: (i) streamlining conditionalities; (ii) reducing the number of donor-driven projects, missions, studies and evaluations, as donors move to budget support, giving up detailed project reporting for a voice in policy and joint annual progress reports; and (iii) improving the predictability of aid flows. Such arrangements would reduce transaction costs and allow for more efficient and strategic allocation of total (domestic plus ODA) revenues.

The PRS approach attempted to introduce to national poverty planning a number of innovations. Two of the most important were: (i) an emphasis upon participation; and (ii) an orientation towards final development outcomes. The advocacy of participation was based upon international experience which strongly suggested that poverty reduction policies which involved the poor were likely to be more relevant, realistic and legitimate in the eyes of the intended beneficiaries, and thus more likely to succeed. The emphasis upon outcomes, meanwhile, emerged from new public management theory and attempted to shift the definition of planning goals and targets from outputs (e.g. schools built, midwives trained, increased agricultural production) to ultimate development outcomes (e.g., improved literacy, reduced maternal mortality, rural poverty reduction). While outputs remain critically important and need to be monitored, shifting attention to tracking outcomes can often help tighten the rigor with which policies are formulated, implemented, appraised and revised.

From the donor side, thinking on the PRS approach has evolved since it was introduced in 1999. The inherent tension between principles of country ownership and donor conditionality was managed with differing degrees of success in different countries. Reflecting this experience, there is a general preference now for helping countries with an existing medium-term planning tradition to integrate PRS principles (e.g. poverty focus, broad national ownership, participation, results orientation, etc.), rather than, as was sometimes the case, insist on the production of a PRSP in parallel to the “normal” plan.

Although ultimately the responsibility of the Government, donors have also contributed to this state of affairs, with assistance to the Ministry of Planning (MOP) taking the form of unit-level projects that have contributed to a balkanization of planning functions. Past efforts by donors to support the

development of medium-term plans suffered from a lack of coordination. Multi-lateral donors have each supported the development of national strategies or strategy-like sets of targets, sometimes in parallel. This resulted in confusion over which plan to follow or which set of targets to work towards, and helps to

explain why none of the strategies were substantially implemented<sup>4</sup>. Perhaps because the plans did not appear to have much importance within the Government, they exercised very little influence on donor programming. The result has been a general loss of confidence in the planning process.

The Government and donors agreed that the next medium-term plan should address these issues. It was agreed that there should be just one such plan, which would provide a set of common targets and monitoring indicators, drawn from the CMDGs. The strategy would be supported by all donors, and used as the reference point for government-donor negotiations on the allocation and modalities of aid. Over the course of 2005 a Secretariat based in the MOP has prepared the National Strategic Development Plan (NSDP) 2006-2010. The NSDP constitutes Cambodia's unified medium-term development strategy for the next five years. It puts into operation the broad vision laid out in the Rectangular Strategy (announced by the new Government in July 2004) and is oriented towards reaching the CMDG poverty reduction targets.

The Secretariat has discussed their plans with and received technical and financial support from a core group of three donors (the World Bank, ADB and the UN system). A Technical Working Group on Planning and Poverty Reduction (TWG-PPR) was established to provide partners' input to the NSDP formulation process, including representatives from across the Government, most donors, and 12

umbrella NGOs. Although a positive development, it has yet to realize its potential, having met only twice to date.

The NSDP now provides the Government and donors with an over-arching set of development goals under which sectoral and sub-national plans can be elaborated. It is to act as the basis for future three-year rolling Public Investment Plans (PIPs) by which the Government will steer capital investments (both domestically-financed and ODA-financed) to priority sectors. It is deliberately intended to be a short, strategic document, which is to be monitored and revised on an annual basis to reflect progress, new data and emerging issues. While the NSDP will be finalized and approved by the National Assembly in December, Box 8.2 provides a summary of the priority goals and actions laid out in the current draft.

### **Supporting the NSDP: aid effectiveness in Cambodia**

The production of a comprehensive strategy is a necessary but not sufficient condition for poverty reduction. There is also a need for an institutional infrastructure capable of implementing the plan. Given the significant role of ODA in Cambodia, this institutional framework needs to address coordination within and between the Government and donors. The institutional framework required to implement the NSDP must thus ensure that: (i) Ministries and agencies work together efficiently to implement and refine the NSDP as a cross-government strategy; (ii) donors coordinate between themselves to support NSDP priorities; and (iii) the Government as a whole and donors as a collective, find efficient and effective ways of communicating on strategic issues to do with NSDP implementation.

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<sup>4</sup> Implementation of the last two plans—the Second Socio-Economic Development Plan (SEDP II) and the National Poverty Reduction Strategy (NPRS) 2003-2005—also suffered from the year-long political hiatus following the 2003 election.

**Box 8.2: The National Strategic Development Plan (NSDP), 2006-2010: key commitments****1. Good governance**

- Implement anti-corruption efforts through policy reforms, behavioral change and transparency to combat corruption and instill a culture of service within public administration.
- Deepen legal and judicial reforms via institutional strengthening, capacity building, passing basic laws, providing legal aid for the poor, and out-of-court conflict resolution mechanisms.
- Implement the National Program of Administration Reform, including rationalizing the civil service through merit-based appointments and promotions, increasing salary levels.
- Promote decentralization and deconcentration to strengthen local democracy and participatory development, and improve local level service delivery by building local management capacity and further delegation of responsibilities and devolution of funds.
- Reform the armed forces, continue with demobilization.

**2. Environment for the implementation of the Rectangular Strategy**

- Ensure peace, political stability and social order, by conducting general elections for the Senate, National Assembly and Communes.
- Strengthen development partnerships with all stakeholders, including private sector, donor community and civil society, and increase aid effectiveness following the Rome and Paris Declarations, and encourage donors to work increasingly through SWAPs and budget support.
- Sustain a favorable macro economic and financial environment by ensuring steady GDP growth of 6 percent per annum, containing inflation under 5 percent, broadening the tax base, targeting expenditures to priority sectors, regular budget auditing across government, and transparent management of state assets. Implement the PFM program and the Priority Action Program, and the Financial Sector Blueprint.
- Further promote integration into the region and the world by entering into more free trade agreements, and attracting investments.
- Address poverty, ensuring that all strategies focus on poverty reduction with the aim to reducing poverty to 25 percent by 2010, and promoting pro-poor targeting of investments.

**3. Enhancement of Agriculture Sector**

- Formulate and implement a comprehensive Agriculture and Water Resources Strategy.
- Improve agricultural productivity and diversification to increase exports and food security.
- Carry out reforms in land administration and management, fisheries and forestry reform,
- Invest in environmental conservation and rural infrastructure development.

**4. Continued rehabilitation and construction of physical infrastructure**

- Restore and construct transport infrastructure including roads, ports, railways, etc.
- Improve management of water resources and irrigation.
- Develop energy and power grids to reduce cost and increase access to power, through the involvement of the private sector, manage future oil and gas resources and revenues.
- Develop information and communication technology.

**5. Private sector growth and employment**

- Carry out the RGC's Twelve Point Plan and the recommendations in the Investment Climate Survey aimed at strengthening the private sector and attracting investments.
- Promote SMEs, trade and tourism, rural credit.
- Create jobs and ensure improved working conditions.
- Establish social safety nets for the disadvantaged.

**6. Capacity building and human resource development**

- Enhance the quality of education, through the implementation of the ESSP.
- Improve health outcomes through the Health Action Plan (service delivery, behavioral change, quality improvement, institutional and HR development, health financing).
- Foster gender equity via gender mainstreaming, addressing domestic violence and trafficking, increasing women's access to productive resources, high quality employment, and participation in decision making processes and public administration.
- Implement population policy to decrease fertility and promote birth spacing.

## Aid and poverty reduction, 1993-2004

Over the last decade, Cambodia has received significant quantities of aid. The achievements that this report describes in reducing poverty in its various aspects—higher household consumption, a number of improved human development outcomes, etc.—reflects some degree of success on the part of donors in helping to support improvements in service delivery and, to a degree, economic growth.

However, there is also a widespread acceptance that much of the aid that Cambodia has received over the last decade has *not* been as effective as it could have been in the fight against poverty. For a variety of tactical and strategic reasons, ODA has not always been well prioritized, coordinated, or delivered in ways which build government capacity. In too many cases, short-term aid management solutions designed to sidestep the capacity and governance problems of the post-conflict Cambodian state (e.g. reliance on technical assistance to fill capacity gaps, or use of stand-alone projects to ensure control and avoid the fiduciary risks involved in working through existing RGC structures) have often ended up perpetuating or exacerbating those problems over the long term (World Bank 2004).

Over the last few years, there has been increasing recognition within Cambodia of the problem of patchy aid effectiveness and increasing calls for better harmonization and alignment of ODA (see Box 8.3 for definition of terms). The volume and design of technical assistance (TA) has been a particular point of contention. The number of foreign TA advisors is very high (estimated at around 800), as is the proportion of ODA that is spent as TA (circa US\$162m in 2001;

### Box 8.3: Ownership, alignment and harmonization: basic concepts

**Ownership.** Ultimately, major improvements in development cooperation rely on credible indications of government ownership of the development agenda. Ownership implies that the Government understands the problems it faces, has developed a feasible strategy for tackling these, and shows sign of real political commitment to implement this strategy.

**Alignment.** If persuaded of the adequacy and sincerity of the Government's development strategy, donors should align their country cooperation programs with the Government's lead on policy directions and budget priorities. Where such ownership does not exist, aid should be managed in ways that promote the evolution of ownership—or, at a minimum, do not retard its development. A different kind of alignment involves donors commitment to use government administrative and financial systems to manage aid, rather than (as has conventionally been the case) requiring the Government to adapt its own processes to a multitude of different donor systems. This systems alignment, however, requires that donors (and their taxpayers or shareholders) are satisfied that government systems and procedures meet minimum technical standards of efficiency and financial accountability.

**Harmonization.** Finally, there is considerable scope for donor-donor harmonization of their own procedures by: (i) adopting common arrangements for planning and delivering aid (e.g. greater clarity and commonality regarding the conditions that would lead to increased or decreased giving, or through support to SWAPs); (ii) streamlining and rationalizing their procedures (e.g. through joint, rather than single, donor missions and studies) so as to reduce the burden on the Government; and (iii) sharing as widely as possible analytical work and information on planned and actual aid flows. Donor-donor harmonization can and should occur regardless of whether or not they can align their programming and systems with those of the Government. That is, even when donors cannot align their policies or systems with those of the Government (because they judge that those policies are misguided or the systems are inadequate to ensure accountable, effective or efficient use of aid resources), donors *can* take steps amongst themselves to harmonize.

around 21 percent of combined domestic and externally-financed expenditures or more than the Government's total wage bill). There is no doubt that there is an important role for TA, which, if managed correctly, can contribute to long-term capacity development. However, relying upon advisors to manage projects or reform processes can undermine national ownership and prevent the development of institutional capacity, especially when these advisors are weakly integrated into the mainstream of Ministry processes (Godfrey et al 2003; Mysliwiec 2004). Ultimately, however, the problem is broader than just that of TA. The rationale that underlies the excessive and uncritical use of TA—that is, the desire to circumvent an underpaid and under-managed civil service in order to achieve demonstrable improvements in poor people's lives in the short- to medium-term—is the same rationale that underlies another risky and ultimately counter-productive aid practice, that of ad hoc donor-paid salary supplements for government employees (Box 7.2 in the previous chapter). Both of these deeply ambiguous and frequently problematic forms of aid delivery—and a host of others besides—are unfortunately far from unique to Cambodia (Box 8.4).

Progress in addressing aid effectiveness has been facilitated by the Government's active participation in the work of the OECD Development Assistance Committee (DAC) to research the state of aid harmonization and alignment and formulate global guidelines, notably the Rome (2003) and Paris (2005) Declarations on Aid Effectiveness (see OECD 2003 and OECD-DAC website).

Cambodia is one of the fourteen partner countries on the OECD-DAC Working Party on Aid Effectiveness and one of the

#### **Box 8.4: Improving outcomes or institution-building?**

Francis Fukuyama notes that donors often end up “making things worse” by actually destroying institutional capacity in the quest for rapid results. He argues that a donor cannot simultaneously improve service delivery and human development outcomes in the short- to medium-term *and* build capacity over the long term. Until the incentive structure facing donors is changed, the need to please donor country taxpayers, politicians, audit authorities and pressure groups—and, indeed, developing country partner governments who need to get re-elected or otherwise remain in power—will result in the focus on short-term improvement in outcomes (through direct donor engagement in service delivery) trumping the longer, slower, more painful and less easily justified focus on building the capacity of low income states to improve service delivery and outcomes themselves. There is overlap between Fukuyama's diagnosis and that of Nancy Birdsall, who in listing the common “seven deadly sins of development cooperation” includes that of “impatience (with institution-building)”.

Sources: Fukuyama 2004; Birdsall 2004.

nine participants in the DAC Peer Review of harmonization and alignment.

#### ***Structures for Government-donor cooperation***

During the first decade of Cambodia's recovery in the 1980s, coordination was not a major problem. Few donors worked in Cambodia and resource constraints were so pronounced that there was little room for debate over government priorities, so sector-level coordination structures worked well<sup>5</sup>. With the massive rise in the number of donors and the volume of ODA in the

<sup>5</sup> As described in the previous chapter, the few international NGOs operating in Cambodia during the 1980s operated in donor-like ways, channeling significant funds to capital investment and basic service delivery.

early 1990s, however, these structures proved inadequate. The institutional framework for RGC-donor-civil society dialogue around development policy has evolved through several stages since then.

As in other countries, annual Consultative Group (CG) meetings are now held in the country rather than, as previously, in donor capitals. These meetings provide a forum for a strategic review of progress on reforms and discussion of the level of ODA that donors plan to commit for the next year.

A number of permanent bodies share the overall mandate for strategic planning and the integration of development assistance into RGC policies and plans. MOP is responsible for coordinating the production and implementation of the NSDP and working with the Planning Departments of line ministries. However, the Council for the Development of Cambodia (CDC)—which seeks to direct capital investment (including both ODA and private investment) to RGC priorities—is also assigned responsibility for guiding the preparation of national “development vision and strategies” and coordinating activities across the Government and between the Government and donors<sup>6</sup>. The Ministry of Economy and Finance (MEF), meanwhile, has the remit for macroeconomic, fiscal and monetary policy, and as such primary control upon the allocation of public finances; while French bilateral cooperation is managed through the Ministry of Foreign Affairs.

Moves towards more coherent ODA that is better aligned to RGC leadership first began in earnest at the sectoral level. Today, the aid reform agenda is most advanced in respect to education and

health, where multi-donor partnerships have evolved gradually in support to developing sectoral strategies. A Sector-Wide Approach (SWAp) in education and Sector-Wide Management (SWIM) in health align ODA behind a Ministerial strategy and reduce transaction costs. Multi-donor partnerships have also streamlined donor-government relations and helped to reduce gaps and overlaps in regard to decentralization and local governance (through the Seila program and the Partnership for Local Government); public financial management (with agreement on multi-donor support to a three-stage process of reform, including salary reform, in the MEF); and private sector development, where donors are coordinating efforts to support the RGC’s *12 Point Plan to Improve the Investment Climate and Trade Facilitation (2004)*. In the land management sector there is an emerging program-based approach that harmonizes donor support to development and implementation of key government functions in land resources.

However, in other sectors the quality of sector policy and aid coordination and the effectiveness of total spending have been much lower. By the early years of this decade, sector-level arrangements varied greatly in strength. In an effort to impose a common basic structure, five working groups were formed in 1999 with another two (Governance and Partnership) added in December 2002. Responding to perceived limitations with this model, in October 2003 the Prime Minister approved a proposal to restructure the working groups. Over the course of 2004 the coordination framework was recast in the form of 17 sectoral and thematic Technical Working Groups (TWGs). A joint government-donor proposal to strengthen the architecture for aid, endorsed in September 2004, laid out two main

<sup>6</sup> CDC is responsible for collecting and reporting on the volume and allocation of ODA, most notably at CG meetings.

elements. The first was the 17 restructured TWGs (since joined by the 18<sup>th</sup> TWG on Planning and Poverty Reduction), each of which was to be chaired by the relevant Government Ministry or Agency and co-facilitated by one or two lead sector donors. Each TWG was mandated to prepare joint strategies and action plans for the sector, consistent with the Rectangular Strategy to mobilize the necessary resources to implement the strategy; and to jointly monitor progress against benchmarks set out in the sector strategy as well as the overarching Joint Monitoring Indicators (JMIs) agreed at CG meetings.

The second element was a new Government-Donor Coordination Committee (GDCC), mandated to strengthen policy-level coordination, set priorities and resolve issues raised by the TWGs. Quarterly GDCC meetings began in 2004. Three NGOs (usually those who attend the CG meeting) are invited to GDCC meetings, which review TWG reports on progress against their action plans and the CG JMIs.

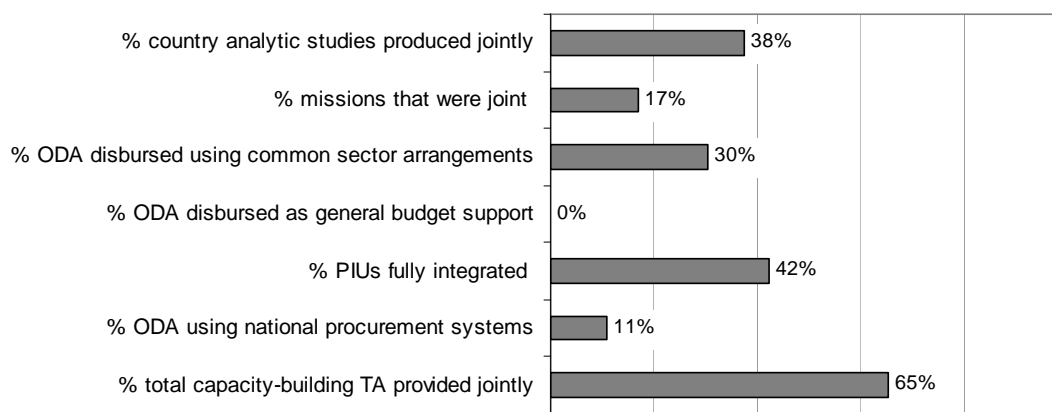
Although the standardization of sector

coordination mechanisms has helped, the performance of TWGs continues to be very mixed. While some work well, others are struggling with limited capacity to manage their members and the resources that members bring to the table.

### *Defining the aid effectiveness agenda in 2005*

The latest round of Cambodia's engagement in the DAC-led global debate on aid effectiveness has involved Cambodia's participation in a baseline survey of Paris Declaration monitoring indicators. Although these indicators are based on self-reported data from a sample of 16 donors, and involve a degree of subjective interpretation of the indicator criteria, they nonetheless provide a useful benchmark against which future progress can be measured (Figure 8.2). The indicator for budget support needs to be interpreted with some caution. A number of donors (including the ADB and World Bank) have provided or continue to provide budget or balance of payments support to Cambodia. The value of "zero" in 2004 thus reflects a particular year.

**Figure 8.2: Status of harmonization and alignment in 2004: selected indicators**



Source: Completed master questionnaire for OECD-DAC Baseline survey—Paris Declaration on Aid Effectiveness.

Notes: Participating donors were Danida, AusAID, EC, CIDA, Sida, UN, DFID, USAID, World Bank, ADB, AFD, French Embassy, Japan, KfW, GTZ and DED.

However, the fact that *none* of those surveyed reported using budget support in 2004 is still significant, given that several of the other donors surveyed are, in other partner country contexts, willing if not enthusiastic supporters of budget support. That only 11 percent of total disbursed ODA amongst the sample donors was spent using national procurement systems reinforces the impression that many donors are uncomfortable about the level of fiduciary risk entailed in using RGC systems.

However, there are also several indicators of harmonization (e.g. joint analytical work or missions; TA provided as multi-donor arrangements) which remain low, despite the fact that donors could make progress to a large degree regardless of government capacity or governance constraints.

Drawing on its experiences of close engagement in the Rome and Paris processes, Cambodia has translated global principles into a number of Cambodia-specific policy papers on improving aid effectiveness, notably the 2004 Harmonization and Alignment Action Plan (Box 8.5). The Government has also increasingly asserted its own priorities for ODA, in terms of sectoral allocation (with more to go to agriculture and economic infrastructure, particularly irrigation), geographical targeting (with more to reach rural areas) and modalities (with less to be spent on TA and project aid, and more delivered through budget support). These have been laid out in the draft NSDP and a mid-2005 CDC document (the *Strategic framework for development cooperation management*) which outlines some guiding principles for the planning and management of ODA resources on issues such as the use of loans as opposed to grants; the role of the CDC; and linkages to the TWGs. The CDC has also prepared

#### **Box 8.5: Cambodia's Harmonization and Alignment Action Plan**

The Cambodia *Action Plan on Harmonization and Alignment* was adopted in December 2004 and revised during 2005 to reflect the recommendations of the Paris Declaration. The Action Plan establishes the following goals:

1. *Strengthening national ownership* whereby the Government exercises effective leadership over its development policies, strategies and coordinated development actions. Thus the Ministry of Planning leads NSDP preparation; CDC leads the process for resource mobilization and aid coordination; and line ministries lead the management of development assistance.
2. *Promoting alignment.* Development partners should base their overall support on Cambodia's development strategies (e.g. the NSDP and sector, thematic or issue-based programs), institutions and procedures ( e.g. by strengthening RGC's capacity for public financial management and for planning, managing, and accounting for the results of policies and programs). Development partners should increase value for money in the management of ODA (e.g. by untying aid).
3. *Increasing harmonization.* Development partners' actions should become increasingly harmonized, transparent and collectively effective. This includes use of common arrangements and simplified procedures; increased complementarity among development partners; and incentives for collaborative behavior.

a sister document, the *National Operational Guidelines for Development Cooperation Grant Assistance*, which provides guidelines for the development of results-based project cycle management.

These are positive steps towards increased ownership of aid management. However, there is a danger that the debate between

the Government and donors becomes (or remains) unhelpfully polarized. Poor governance and poor aid management have co-evolved over the last decade. Unblocking this logjam will require simultaneous and complementary reforms by both the Government and its development partners. In other words, significant improvements in aid effectiveness will require progress on governance, and vice versa.

Thus, for example, donors have relied on TA and projects in part to circumvent ineffective state implementing agencies and reduce their exposure to the risk of corruption. It is now broadly recognized that such attempts to ring-fence donor funds within project implementing units (PIUs) and donor-specific reporting requirements have in turn at best failed to address the systemic problems of government structures (i.e. lack of financial and human resources, inappropriate institutional design, and low levels of transparency and accountability). Often, they have exacerbated these problems. To take the most obvious example, when the best officials are recruited by donors to manage project implementation, they are drawn out of the mainstream of the Ministry, where they should be deployed to lead the development of core RGC policies and systems. Donor-specific project formulation missions, reporting requirements, M&E and audit processes, meanwhile, add to the administrative burden of Ministry under-resourced staff, distracting them from the task of policy and institutional reform and routine planning and budgeting exercises.

However, if the logic of short-term donor-driven enclave models of development cooperation is in a broader and more long-

term perspective ultimately self-defeating<sup>7</sup>, the Government still needs to recognize the legitimate concerns that underpin at least some of this behavior. Although some donors provide and will continue to provide budget support, and others are likely to join them over time, there is unlikely to be any wholesale shift of donors towards budget support until existing governance problems are addressed and donors have more confidence in the fiduciary arrangements needed for government execution of aid.

There is thus a strong argument that, while keeping up pressure for budget support as the desired modality in the long term, the Government and donors also need to define a (complementary) short- to medium-term agenda of intermediate harmonization and alignment reforms that can be realistically achieved over the lifetime of the NSDP. Box 8.6 lists some positive examples from recent years, while Box 8.7 provides some ideas from good practice in other countries where donors and the Government have made significant moves towards putting into operation the principle of mutual accountability.

Building on these developments and the new Government's strategic framework for aid suggests the following priorities for improving aid effectiveness:

- Concerted efforts to frame development cooperation in reference to the NSDP and the PIP that will (hopefully) be used to align capital investments to NSDP priorities.

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<sup>7</sup> There is a separate argument to be made that project modalities are in any case not necessarily any more effective at preventing corruption. The experience in recent years of both the World Bank and World Food Program suggests that, at best, projects are far from being a guarantee of protection from embezzlement or misprocurement.

**Box 8. 6: Harmonization and alignment:  
some practical examples**

*Joint strategic planning.* The ADB, DFID, World Bank and UN system prepared their new (2005 onward) country strategies jointly. Although this imposed additional transaction costs on the four partners, the burden on other stakeholders (in terms of, for example, consultation meetings) were reduced and there was some division of labor between the four parties. The country situation analysis was shared, resulting in an exchange of knowledge, improved analysis, and greater consensus in perspective; and a foundation was laid for better future cooperation between the four agencies.

*Alignment of country planning.* Within the UN, the Common Country Appraisal-UN Development Assistance Framework (CCA-UNDAF) process was streamlined and defined in reference to the NPRS.

*Joint analytical work.* Several strategic studies (for example, the Cambodia Gender Assessment) have been undertaken by two or more donors. In some cases these have provided a broader base for reform programs that are subsequently agreed with the Government (e.g. the Integrated Fiduciary Assessment and Public Expenditure Review, produced by ADB and the World Bank with inputs from a number of others).

*Harmonized procedures and support to the development of core government systems.* The RGC, World Bank and ADB have cooperated to produce a Manual of Standard Operating Procedures and joint project financial management system and manual. AFD has subsequently agreed to use these procedures and it is hoped that others will follow.

*Joint programming.* Danida and DFID are currently developing a five-year multi-donor facility for natural resource management and livelihoods promotion with a single management structure.

- Strengthening the institutional framework for government-donor dialogue—including, where required, completing the missing links. To make the NSDP effective as the locus for

government ownership will require improvements to the TWGs (e.g. by ensuring that appropriate individuals are delegated to participate in meetings, creating space for non-state actors to participate and so acquire a better understanding of RGC policies; establishing partnership principles to keep the work of the group focused on sector policy issues and not mere information-sharing; and embedding a role for TWGs in annual planning, budgeting and review cycles, linked to (for example) GDCC or CG meetings, or the annual NSDP progress review—which should ideally be brought together.

- A balanced dialogue on technical assistance that establishes some basic practical principles for a common approach to capacity-building and the role of TA. Realistically, there will be continued need and demand for TA<sup>8</sup>. Nonetheless, there is considerable room for both reducing the quantity and improving the quality of TA. There needs to be a commitment by donors, enforced by peer pressure and counterparts, that the primary purpose of TA is to build long-term capacity through skills transfer and institutional restructuring (and *not* gap-filling or training individuals). Terms of Reference must be agreed with the Government and other sector partners through the relevant TWG, and there needs to be a managed shift from international to national TA.

<sup>8</sup> It is notable that while the NSDP and CDC calls for less TA, Ministries are still often requesting *more* TA to help design or implement particular programs or reform processes (often with good justification). TA certainly needs to be reduced, but it may prove hard to adopt any simple formula for how or how fast to do so.

**Box 8.7: Towards mutual accountability: lessons from Tanzania and Mozambique**

Aid dependency is high in much of sub-Saharan Africa, leading to many dysfunctional aspects of Government-donor relationships of the kind seen in Cambodia. In several of these countries, however, significant progress has been made over the last five to ten years. In *Tanzania*, reform was driven by the onset of economic and political crisis when donors collectively suspended aid in 1994. An independent assessment of government-donor relationships (the 1995 Helleiner Report) dissected the lack of government vision and increasingly rampant corruption that had precipitated this move; but was also scathing with regard to poor donor practices which had significantly contributed to the lack of government ownership. The reformulation of aid relations since 1995 has been profoundly shaped by the Helleiner report. An increasingly mature partnership was codified in the 2002 Tanzania Assistance Strategy (TAS), in which the Government and donors agreed to institutionalize independent monitoring and evaluation reports, to be reviewed jointly as the basis for discussion on next steps to be taken. A jointly-appointed Independent Monitoring Group (IMG) has now reported to the CG meeting twice; the 2005 report notes significant progress, but also observes that TA continues to be the most problematic aid modality. It recommends that the Government of Tanzania formulate a clear TA policy which specifies that the primary role of TA must be capacity building; and calls for project aid to be allowed only when it meets stipulated criteria. In *Mozambique* the post-conflict government managed to establish and maintain an unusually open and trusting aid relationship which has seen a growing number of donors channel aid as direct budget support. In 2004 these 15 donors (now 16) signed a MOU with the Government that committed both sides to joint review of both Government *and* donor performance.

Sources: ESRF 2005; Killick et al 2005.

- Streamlining and harmonization through delegated cooperation arrangements, in which two or more donors that agree on a program of support arrange for one to execute the funds of both parties, with the delegating donor requiring only periodic reporting and joint review.
- More effective oversight of aid effectiveness through fewer but more meaningful joint (multi-donor and donor-government-civil society) monitoring and evaluation framed in reference to sector or thematic goals, and to harmonization and alignment indicators. Lessons learnt should contribute to improved practices and accountability not only with regard to the donor agency and its home-country constituents (taxpayers, Parliamentarians or shareholders): they should also provide lessons for RGC policy and institutional reforms, and inculcate the principle that donors are accountable “horizontally” (to the Cambodian Government) and “downward” (to the intended beneficiaries amongst the Cambodian poor) for the quality of their aid.
- Engage the full range of Cambodian stakeholders. This should involve more active dissemination of Khmer-language information on country programs, projects, cooperation principles, and evaluations. In a post-conflict society in which the institutions of both the state *and* civil society need to be strengthened and the vertical flow of information is very limited, a role for donors may be to provide fora for bringing the Government and civil society together, where civil society would obtain a better understanding of government policy positions and the reasons for them, while policy-makers would obtain a better sense of how policies and outcomes are seen to be changing

(or not) at the local level. This is a difficult role to play, but one well worth the effort.

- Coordinated and harmonized donor support for a government-owned medium-term strategy for building capacity in monitoring and evaluating progress in NSDP policy implementation and poverty outcomes: which is the subject of the next section.

## Monitoring and evaluating progress

In the past, the development of national monitoring and evaluation (M&E) systems has suffered from much the same problems of poor donor coordination that have been described above. With very limited government funding for either the National Institute of Statistics or the statistical functions of line Ministries, the collection, analysis and use of statistical data was constrained by severe shortages of financial and human resources. The result was that statistical development has been heavily donor-driven. This was seen most clearly in the fact that major surveys (such as the various rounds of the household survey) were scheduled and designed on a largely *ad hoc* basis.

The consequences have been serious. They include: (i) a lack of comparability of key indicators over time (due to changing survey design); (ii) an inefficient, feast-and-famine pattern of funding for data collection and capacity-building (with large sums of financial and technical assistance made available to NIS when donors decided to fund a survey, followed by a drop-off between surveys during which trained staff moved to other jobs and institutional memory was lost); and (iii) little demand for or ownership or utilization of the resulting data by government decision-makers (a problem

exacerbated by the lack of a link between performance and budget). To this must be added (iv) the unclear division of responsibilities and lack of communication between MEF and MOP on matters of monitoring and evaluation of national policy, and uncertainties about the capacity of MOP (the parent institution for NIS) to fulfill its designated role as clearing house for matching cross-government demand for data and analysis with supply emanating from NIS and other RGC institutions.

Now that the Government is finalizing a new outcome-oriented medium-term development strategy in the form of the NSDP, there is a need for a strong and integrated system to collect and analyze key indicators of progress, and to ensure that these are fed in effectively to statistically-literate users in order to shape decisions on policy development and public expenditure allocation (Box 8.8).

Despite the problems described above, many of the preconditions are now in place for the development of a nationally-owned system that will allow all stakeholders to review progress and discuss policy changes on the basis of shared and reliable information. Elements of this emerging framework for poverty M&E include:

- A new Statistics Law which came into effect in May 2005 and which defines principles and institutional responsibilities for data collection, analysis and dissemination.
- The production of a Statistics Master Plan (SMP). This lays out a framework schedule and budget for the priority surveys and other data collection systems required to track NSDP implementation over the next five years, together with the investments in training and technology needed to build the capacity of the national statistical system (which

**Box 8. 8: Summary requirements of a national poverty M&E system**

Regular monitoring/tracking of:

- Implementation of policy (inputs/ outputs).
- Change in intermediate outcomes.
- Variations in status and trends in different groups/regions.

Plus periodic evaluation of:

- Progress towards final outcomes.
- Reasons for success or failure.
- Reasons for differences.
- Likely sustainability of trends.

By and for:

- Government
- Civil society
- Donors

To support:

- Outcome-oriented poverty-focused policy making, planning and resource allocation.

includes the NIS, the statistical units of line ministries, and the National Bank of Cambodia).

- Agreement on the use of a common tool (CamInfo) as the “front-end” repository of socio-economic data from all sources (survey and non-survey), accessible to all users.
- The M&E principles and outline indicator and target framework included in the draft NSDP. This proposes a substantive annual review of progress in NSDP implementation and outcomes, to guide refinements of the policies and programs needed to achieve the 2010 and 2015 CMDG targets. This implies a substantial increase in the level of demand for timely, reliable and accurate data on inputs, outputs and outcomes.
- Agreement amongst an informal core group of donors, soon to be expanded, on ways to coordinate their support

towards a government-led strategy for building the capacity for NSDP M&E.

The groundwork for a unified national policy and poverty M&E system is thus now substantially in place. To realize this potential, a number of actions need to be taken. First, it is important to clarify the role of MOP in the overall monitoring system. The mechanism for cross-government coordination established to prepare the NSDP (the NSDP Secretariat) needs to be institutionalized and strengthened to ensure that the NSDP actually takes root in implementation as a whole-of-government plan that exercises a significant and positive effect in the allocation of resources between and within Ministries. Due to time pressures, the partnership body that was intended to provide broad civil society, donor and private sector input to NSDP formulation (the TWG on Planning and Poverty Reduction) did not have the opportunity to perform this function to the full. Determined effort will be needed to ensure that it can in 2006 develop a real role in monitoring and supporting NSDP implementation.

Second, there will be a need to differentiate between Ministries in terms of the current strength of their capacity for collecting and using performance data and thus the forms of M&E capacity-building they require. The more advanced Ministries of Education and Health, for example, should focus on building capacity for program budgeting and costing, while those Ministries which are at an earlier stage of institutional and policy development (such as Agriculture, Rural Development, or Water Resources) need first to build their capacity for articulating policy, including the ability to define monitorable policy outcomes. Although the priority for NSDP M&E is national level poverty/human development

outcomes, it is important also that programs build in M&E systems with strong results frameworks (logframes). Monitoring at the program level helps with the task of policy analysis—that is, identifying the contributions towards ultimate outcomes made by different policies and programs, and how this impact can be improved—and helps to embed the principle of oversight and social accountability.

Third, there is a need to make it easier to obtain access to official statistics (both those collected by the NIS and those generated by the management information systems (MIS) of line ministries). The CamInfo software package has been developed over a number of years as a user-friendly means of storing and retrieving the findings of both surveys and MIS-generated administrative data. However, CamInfo has depended heavily upon the support of UNICEF and UNFPA. NIS needs to build up its capacity to maintain and upgrade the database and institutionalize its position as the central repository of data, available to all users.

Fourth, access to data needs to be complemented by demand from statistically literate users, beginning with those within the Government who should be basing policy, program, planning and budget decisions on analysis and evidence. Ministry officials should take full advantage of the training in the use of statistics that have been developed by the UN and other agencies.

Fifth, these efforts to build basic statistical literacy (that is, to build skills in how to interpret descriptive statistics) need to be reinforced with efforts to build national capacity in the more technically advanced skills of statistical analysis for problem identification, policy impact assessment and performance-based public expenditure

management. To ensure national rather than merely narrow government ownership of NSDP implementation and monitoring, these skills need to be built both within the Government and within independent national academic, research and advocacy institutions.

Sixth, there is a need to prioritize and schedule data collection exercises (and the capacity building required for these) according to the timing of data needs for NSDP implementation and revision. The preparation of the NSDP was somewhat hampered by the fact that core socio-economic data from the 2004 CSES only became available in the middle of 2005. This allowed only six months for this data to be analyzed and interpreted and made available as an input to the team drafting the NSDP. The findings of the DHS (which, as discussed in Chapter 6, are far superior to the DHS for a number of critical human development/CMDG indicators) will not be available until the second quarter of 2006, once the NSDP has been finalized. Ideally, the preparation of the next (2011-2015) Five-Year Plan will have this information—including the updated consumption poverty estimates—available at the start of the preparation period, so that the planners can judge progress made, identify aspects of economic or social development where progress is falling behind target, and attempt to find explanations and policy response to these problems. This will probably necessitate bringing the full (large-sample) CSES and the DHS forward a year, so that the surveys can be conducted in 2008, the data entered, cleaned and analyzed by mid-2009, the analysis interpreted and policy conclusions drawn by end 2009, and this poverty assessment made available to the strategy drafting team for them to use over the course of 2010.

Seventh, there is a need to build links between the collection and analysis of official data on the one hand and civil society and private sector users on the other. This includes institutionalizing efforts to actively disseminate key data to the National Assembly, NGOs, business associations and so on; but it also means establishing dialogue between the official statistical system and initiatives for community-based and independent progress monitoring.

Finally, it is necessary to ensure full funding for the development of core statistical capacity and specific key data collection processes as laid out in the SMP, so that the Government (and its partners in civil society, the private sector and the donor community) can be assured of a regular flow of reliable socio-economic data. Such data will be essential for the performance-based policy process anticipated in the NSDP. Timely and reliable progress indicators are essential to improving the partnership between the Government and its development partners. If donors are to align to the NSDP and move towards budget support, it is critical that all parties feel that they have information on policy implementation and outcomes. If they do not have this information, they are likely to continue to impose requirements for donor-specific M&E and reporting (at best, harmonized between donors, at worst specific to each individual donor). While the donors will realistically have to continue to provide the majority of the financing for government data collection, analysis and dissemination, it would be an important contribution to trust-building (and one incorporated in the SMP) if the Government were to allocate a steadily rising sum towards at least the core costs of the NIS and the rest of the statistical system.