

ADB TA 7373 - Input to the Proposed National Strategy Paper on the Implementation of Functional Assignment Reforms Under IP3¹

1. Introduction

A request has been received from NCDDS to provide input to a proposed national strategy paper on the implementation of functional assignment reforms (Strategy Paper). This paper is one of the deliverables required in year 1 of the IP3. The final Strategy Paper apparently is to be developed by the NCDD Sub Committee on Functional Assignments for eventual release by either them or the NCDD or perhaps by higher (Ministerial or Council of Ministers) levels of Government. This input note is not in any sense a draft of the proposed Strategy Paper which needs further discussion and consensus building in NCDDS before it can be written. Rather this note aims to cover some of the important practical and strategic issues that might eventually be addressed in the Strategy Paper with the hope of facilitating further discussion within policy areas of NCDDS. This note takes a frank and open approach to reviewing current reform implementation strategies and in this sense would not be suitable as the Strategy Paper which will need to be presented differently, including in a very positive light.

While Cambodia quite correctly seeks to develop its own unique approach to functional assignments reform, the development of implementation strategy might at least make reference to common perceptions of international best practice, some of which are briefly set out here. Firstly, reform of functional assignments ideally should occur very early on in the reforms – preferably prior to other reforms such as administrative / political reform; reform of revenue assignments; and changes to the intergovernmental financing system – at worst they should not significantly lag behind other reforms. Secondly, assignments between levels of Government should be as clear and precise as possible thus supporting objectives for vertical and horizontal balance with regard to functions and financing. Thirdly, well established criteria should be applied to the allocation of functions between levels of Government – without being exhaustive these typically include: (i) the subsidiarity principle of assigning functions to the lowest level that is practical unless there are sound reasons not to do so; (ii) economic efficiency – including ensuring appropriate economies of scope and scale; and (iii) consideration of externalities / spillover effects where costs and benefits may span a number of SNAs or the whole nation.² Finally, while the concurrent sharing of functions between levels of Government is generally disfavored (due to losses in clarity), elements of sharing are typical, indeed almost inevitable in unitary states (such as Cambodia) but need to be well designed and managed.

While most aspects of international best practice are difficult to pursue simultaneously by newly reforming countries, Cambodia at the moment appears to be particularly challenged by the relatively late sequencing of functional assignment reforms. While conventional wisdom suggests that “money and resources should follow functions” the current situation is one where money flows have been stalled for the initial years of reform and look likely to be stalled for some years to come, unless further urgency and clarity can be given to the reform of functional assignments. The slow and cautious approach to reform is a useful one but contains the

¹ This input note has been prepared by ADB TA 7373. It has been shared with UNICEF, GIZ and the ADB Team and has been revised significantly based on useful comments received

² Cambodia (2008 Organic Law) has defined its own criteria, which are broadly in line with international practice as: (i) relevance to the Council jurisdiction; (ii) manageability / practicality for Councils; (iii) benefit and usefulness for residents; and (iv) provision of major impact within the Council jurisdiction

potential for disaffection if functions and resources do not flow within reasonable time frames. Sequencing and timeliness are thus very important broad issues for the strategy paper.

2. The Framework for Functional Assignments Reform in Cambodia – Some Issues

It is important to understand the current legal and policy framework for functional assignments reform in Cambodia, in part because aspects of the framework are uniquely Cambodian and may not be well understood; and in part because some important reform stakeholders, including within the Ministries (including the Ministry of Economy and Finance) may not have followed and / or fully embraced the framework now in place. Awareness raising of the framework is thus an important role for the Strategy Paper. Furthermore, some elements of the framework appear to be interpreted differently by different parties – so increasing clarity and consensus as to what the framework actually means is also an important matter for the Strategy Paper. Appendix 1 summarizes the current framework in some detail while only brief comments are made on important aspects of the framework in this section 2.

2.1 The Legal Framework

While common perceptions typically suggest that existing Laws have little to say about the assignment of functions to sub national levels, this is not entirely correct. The 1998 Law on the Financing of Provinces and Municipalities, the 2002 Law on Communes and Sangkats, the 2008 Organic Law and to a lesser extent the recently passed 2011 Sub National Finance Law all contain important provisions in relation to the assignment of functions.

The 1998 Law on the Financing of Provinces and Municipalities

Basic Provincial / Municipal functional responsibilities were set out in the 1998 Law with 12 obligatory responsibilities for basic municipal type functions (see Appendix 1 for the listing). Provinces and Municipalities could also budget for miscellaneous (non obligatory) responsibilities but these and all investment projects with costs exceeding a prescribed ceiling could only be included in budgets with prior approval of MEF.

The Sub National Finance Law of 2011 provides for abrogation of the 1998 Provincial / Municipalities Law but does not provide for continuation of the previous (or any other) list of basic local functions assigned to Provinces, Municipalities and Districts. It is surprising that at a time of legal uncertainty as to the assignment of functions at SN levels, that the sole legal instrument in place is to be abrogated, with uncertainty as to how and when it will be replaced³. Under the distinctly new roles emerging for Provinces, Municipalities and Districts under IP3 most of the items in the earlier 1998 list will in future be appropriate mainly only for the Municipalities and Districts (especially District centres) - though elements of some may remain appropriate for Provinces in their new Province wide planning, coordination and infrastructure development roles.

At present policy makers in MEF and NCDDES are struggling with the development of a list of general mandate type functions to be funded under the proposed District / Municipality Fund. The old 1998 list could be a useful starting point for this exercise – but would need to be reviewed by NCDDES and MOI in consultation with SNAs with a view to early updating based on ten years of experience with the current list. The majority of items on the current list are very localized in nature and thus suitable for general block funding of a general mandate type nature

³ Note that Article 180 of the 2008 Organic Law provides for continuation of By Laws, Regulations etc in place prior to commencement of the 2008 Law.

without conditionality from the centre, providing funding was confined for example to the existing list and approaches. The one exception to this on the current list may be "health" which has Local, Provincial and national dimensions and may need to be addressed more comprehensively through conditional block funding for health over time. In terms of future funding the D/M Fund is a suitable vehicle to provide for localized items such as in the 1998 list, but funding levels would need to be worked out following further review of likely cost levels and reform of Provincial budgets to transfer relevant amounts currently within Provincial budgets for utilization through the D/M Fund so that the fiscal costs were broadly neutral.

The 2002 Law on Communes and Sangkats

The 2002 Law provides Councils with a role in supervising villages with village functions identified as relating to security, public order and local social / economic development. Functions of C/S Councils focus on addressing basic local needs while also supporting national policies. Defined local functions are: (i) security and public order; (ii) essential public services; (iii) citizen well being; (iv) social and economic development; (v) environmental preservation; (vi) generating tolerance and reconciling conflicts; and (vii) responding to local needs.

Communes and Sangkat represent the fourth tier of elected Government in Cambodia. Generally fourth tier Governments (where they exist) around the world are not provided with extensive lists of functions to perform, in part because of severe funding constraints they confront. As well as the current list of functions in the 2002 Law, the Communes and Sangkats are centrally influenced in what they do as a result of funding conditionality applying to the Commune Sangkat Fund. While some are in favor of further review and enhanced articulation of the list of functions (and revisions of the funding formula) for the Communes and Sangkats this seems of lesser urgency than defining / redefining functions at the Provincial / Municipality / District levels. Others are working to map and define an increased role for the Communes and Sangkats as agents of the Central Ministries in priority sectors such as health and education, possibly through the use of delegated functions and conditional funding on a sector block funding basis. This work is important and should be done as part of the formal mapping exercises underway and / or planned within key Ministries.

The 2008 Organic Law

The Organic Law provides for obligatory and permissive functions which can be funded through a complex mix of funding mechanisms including conditional transfers, unconditional transfers and own source revenues (refer Appendix 1 for a full explanation). NCDD is provided an important role in managing and overseeing the review of existing functions with a view to deciding on possible reassignments, delegations and agency arrangements from the centre to SNAs (and also on matters to remain at the centre including possible deconcentration to Ministry Departments in the regions). In conducting these functional reviews NCDD shall use defined criteria (as set out in footnote 1 and Appendix 1) and prioritize reviews of the following sectors / sub sectors:

- agriculture;
- education;
- forestry / natural resources / environment;
- health, nutrition, services; – including needs of men, women, children, youth, vulnerable groups; and indigenous people;
- industry / economic development;
- land use;

- electricity production and distribution;
- water management;
- infrastructure and facilities; and
- special needs of particular SNAs including: tourism, historical sites; and cultural heritage.

Additionally, under the Organic Law Councils must establish various committees, including a Technical Facilitation Committee which should coordinate national (Ministry) and local (Council) efforts through unified Plans, the MTEF; and the annual budget.

The task ahead for the NCDD in conducting the reviews of functions is relatively clear though quite challenging in nature. Given Cambodia's major fiscal constraints the focus of initial review ideally should be on obligatory (i.e. high priority) functions that are suitable either for assignment or delegation. At the SNA level the current emphasis seems to be on finalizing general mandate type functions, while also preparing for receipt of assigned or delegated functions from the Central Ministries. Importantly, the NCDD is required under the Organic Law (Article 221) to determine (after reviews etc) which transfers are obligatory and permissive and which are to be assigned and delegated.

The proposed mapping exercises will assist to determine the details of such determination(s), especially as functions are broken down in more detail. However, to make the exercise manageable, strategic decisions are needed early on as to those sectors (at a high level of classification) that are to be the subject of initial review. One approach to doing this would be to specify which of the 39 budget entities that exist in Cambodia are to remain essentially centralized matters and are thus not to be reviewed at least in the current phase. An alternative way would be review only the ten sectors / functions listed in the Law (or a lesser initial number strategically selected) as being those for immediate study in the decentralization and deconcentration senses. Decisions here are important for the Strategy Paper and for developing an initial legal instrument.

Ideally, if the study (as envisaged by the Organic Law and IP3) is to review the architecture of the whole of Government then everything should be reviewed including a review of options for abolition, amalgamation or privatization of many central entities – however, this would appear to be beyond the capacity of the NCDD at present, so strategic narrowing of those sectors / Ministries to review will be important for the Strategy Paper, initial legal instruments and also for early development of a system of block grants for assigned priority sectors.

Finally, the provisions in the Law which highlight the importance of unified sub-national administration, including unified plans and budgets is potentially important. If unified plans and budgets are seriously pursued at all SNA levels then this would provide a basis for moving from currently heavily vertical forms of deconcentration to more horizontal forms of deconcentration with greater control by sub national councils and Governors and improved information on the costs of services that might eventually be considered for fuller decentralization.

The 2011 Sub National Finance Law

This Law largely reaffirms arrangements in the 2008 Organic Law. It makes clear that whether functions are assigned or delegated from the centre that they will be subject to conditional forms of financing. It also indicates that funding for some local functions (currently being referred to as general mandate functions – though this term does not appear in the 2011 Law) will be subject to unconditional funding through the D/M Fund. As noted above passing of the 2011 Law will

lead to abrogation of the 1998 Provincial and Municipal Financing Law and with it the list of functions for Provinces and Municipalities (and indirectly Districts) that has been in place since 1998, and leaves nothing immediately to replace the list.

3.2 The Policy and Programming Framework

The 2005 Strategy document

The 2005 strategy (Appendix 1) is not very detailed in identifying functions to be reassigned. The concept of unified administration and budgets finds its origins here, though the concept was not elaborated in any detail. The strategy endorses the subsidiarity principle and recognizes that well planned transitional arrangements will be needed to allow initial movement to more horizontal forms of deconcentration, and eventually to more autonomous decentralization.

The 10 Year NCDD Program, 2010 - 2019

The 10 year program while recognizing the importance of functional reviews and reform had little of substance to recommend on the details of reform (see Appendix 1). Essentially it provided for functional reviews to be undertaken during the first phase 2010 – 2012 following which there would be a progressive deepening of implementation from 2013 to 2019. It is noteworthy that the ten year program provided that there would be an initial transfer of basic localized functions before the detailed Ministry mapping reviews were completed and that existing delegations of functions to the Provinces / Municipalities / Districts would be given close consideration in this regard. This issue has now become an important one in terms of designing the District / Municipality Fund and in the reform of current arrangements for financing Provinces and Municipalities.

The Three Year Program (IP3)

IP3 introduced a clear distinction not in earlier Laws or strategies between Provincial and Local responsibilities with a critical strategic aim being to transfer to Districts / Municipalities (and their C/S) the bulk of service delivery responsibilities. Thus much focus of IP3 is on the D/Ms. Existing Provincial functions are also to be reviewed for reassignment during IP3. The IP3 also introduces for the first time the concept of the “general mandate” (which is not explicitly mentioned in relevant Laws) and relates this concept to the general welfare of citizens. In IP3 obligatory mandates all (initially at least) belong to Central Ministries. The initial focus of IP3 is on the general mandate with only slow assignments / delegations of obligatory functions anticipated as review work proceeds over time. Further details of IP3’s approach to principles for assigning functions and in relation to the general mandate are set out in Appendix 1 which also sets out the main steps to be taken and deliverables to be pursued. Table 1 below summarizes the main deliverables. There are very many practical and strategic issues and challenges involved in implementing IP3 deliverables for functional assignments. These issues are dealt with separately in section 3 below

The Public Finance Management Reform Program

The PFMRP has a small section on D and D reform and longer term objectives for restructuring budget priorities and entities but this does not envisage imminent fundamental changes to the whole architecture of Government as proposed in the Organic Law, the ten year Program and the IP3. This is also an important issue which is to some extent addressed in section 3 below. In the absence of major PFM and medium term budget restructuring it is likely to be very challenging for NCDD alone to mobilize the resources and to exert the bureaucratic power, to change the whole architecture of Government while relying essentially on bottom up

approaches through cooperation with the Ministries that are to be reviewed and reformed. Macro level fiscal phasing of the major adjustment to occur will be strategically important.

3. Strategic and Practical Issues in Relation to Implementation of Functional Assignment Reforms Under IP3

Bearing in mind the current strategic framework / IP3 this section summarizes some of the more important strategic and practical issues to be considered when preparing the strategy paper.

(i) Overview of Broad Architectural Issues to be Addressed

The IP3 reforms indicate major changes are to be made to the architecture of the whole of Government. Such a major undertaking involves many challenging issues, just some of which are addressed in point form in section 3. At the outset there will need to be better understanding and broad agreement on what the proposed reforms actually entail. For instance:

- there is need for agreement on terminology and approaches: (i) what does the “general mandate” which is not defined in Laws actually mean? (ii) is there a need to formally transfer permissive functions? (iii) can a broad higher level listing of obligatory functions / sub functions etc. be defined early on?
- what do the proposed fast track pilots such as delegations, referred to in IP3 mean in practice. How do delegations relate to the general mandate? Is there scope for delegations by Provinces, Districts and Communes (up and down)? Would broadly based fast tracking of priority functions / sub functions linked to conditional funding be more politically and financially effective than piece meal delegations in a few locations?
- how can the wish for early wins address the need for good coordination of needed related reforms in finance (including development of own source revenues); and civil service redeployment. How can design avoid ad hoc piecemeal approaches and prevent the need for costing of every individual function, activity etc to be delegated / assigned, especially in an environment where PFM and accounting systems will not easily accommodate such approaches.

(ii) The Framework under IP3 is Appropriate but Challenging

The IP3 framework seems broadly appropriate but challenging. The strategy underlying IP3 could be further fleshed out in the Strategy Paper, including further articulating approaches to forging national consensus on very major reforms that are planned to the complete architecture of Government, including consensus on fiscal and personnel adjustment strategies. As set out further below practical constraints are likely to be at least as important as strategic matters.

(iii) Resourcing the NCDDES Policy Unit

Some 17% of the elapsed time of IP3 has passed and the NCDDES and its Policy Unit continues to operate without any full time staff, Advisers or directly appointed consultants working on functional assignment matters. Changing the architecture of the whole Government is no minor pastime and needs adequate resourcing for those who are to drive the process. IP3 appropriately makes provision for resources in the form of full time staff, Advisers and consultants. These resources should be put in place just as quickly as possible.

(iv) Activating the NCDD Sub Committee on Functional Assignments

Closely related to (ii) the NCDD Sub Committee which has apparently not met since it was established needs to be activated as an important focus for driving higher level support. The 2008 Organic Law requires NCDD to finally determine important matters in relation to functional assignments reform and the Sub Committee is a critical body.

(v) Government Wide Leadership for Developing National Consensus and Buy In

National consensus cannot be forged by technical work alone. It will require strong leadership from the Sub Committee, the full NCDD and the highest political levels of Government where wider leadership than NCDD will be needed. Effective consensus will be difficult to achieve if other key Ministries such as MEF, Planning and the CAR are not an integral part of the functional assignments reform processes. Raising awareness and getting broad buy in is unlikely to come from one or two events (such as the launching of the functional reviews) but will require sustained involvement of senior leaders. While NCDD appropriately should lead the development of national consensus, it will need very strong coordination and cooperation from key Central Ministries within the NCDD, including MOI, MEF, CAR; and Planning along with the key line Ministries to be reviewed and reformed.

(vi) Improving Initial Legal Clarity in Relation to the Assignment of Functions

In most countries the legal framework and not policy and programming documents drive decentralization reforms over the medium to longer term. The current consensus in NCDD seems to be that it is too early and the climate too uncertain to prepare the legal instruments required under the Organic Law to specify obligatory functions of SNAs and broad responsibilities at different levels. However, the IP3 itself introduces important new principles in relation to the reform of functional assignments, a number of which are not contained in Laws or Regulations, for instance: (i) setting out principles as to new roles for Provinces and Local Governments; and (ii) introducing the concept of "general mandate" in seeking support for unconditional funding under the proposed D/M Fund.

At the same time the passing of the new Sub National Finance Law in 2011 will lead to abrogation of the 1998 Provincial and Municipal and Financing Law and with it will go the current list of basic mandate functions assigned to Provinces and Municipalities (and indirectly Districts). The required legal instruments on functional responsibilities can be expected to change several times over the course of the 10 year program, progressing from broad principles to greater granular detail as further review work etc. proceeds. Consideration should be given to earlier than planned issue of legal instruments setting out broad principles of the roles of different levels of Government and at very least addressing the abrogation of the current listing for Provinces and Municipalities. Such an instrument could also address the issue of the general mandate for SNAs and perhaps further articulate Commune and Sangkat roles. Until some further legal clarity is introduced it appears likely that MEF will continue to deny meaningful funding for general mandate or any other functions, including delegated piloting and block funding for reassignments in key sectors.

(vii) Financial and Functional Reforms Require Strong Coordination

Current differences in views between NCDD and MEF over the role of the D/M Fund and the funding of general mandate matters provide but one example of the need for improved coordination between financial and functional reforms. MEF is not surprisingly concerned that new intergovernmental financing reforms should occur in ways that are neutral to the budget

bottom line. Thus there is a need for NCDDS and MEF to work very closely on simultaneously reforming current financial arrangements for the Provinces and Municipalities, while transitioning structural financial reforms, initially to support better defined basic services under the general mandate, and in the medium to longer term more substantial reassignments and delegations for reforms to key sector programs (as envisaged by IP3).

(viii) Sector Reviews Required Under IP3 Remain Important

As provided under IP3 the more important delegation and assignment reforms will come in the medium to longer term as a result of detailed reviews of key obligatory sectors that are proposed. Some sector mapping studies are already being supported by DPs but these and others not yet commenced need very strong leadership and coordination from the NCDD Sub Committee and the NCDDS policy area. While the Organic Law sets out ten (10) broad areas to be reviewed these may need some further strategic thought and perhaps narrowing to say 4 to 6 high priority areas in the current phase. Work also needs to be considered in the context of a time bound work plan for completing the technical mapping work and moving on to decision making on reassignments and delegations. Many things still need to be put in place for this work to proceed effectively, including agreement on a common methodology to apply and senior level interaction between NCDD and the initially selected Ministries to gather their support. As noted above this will require activation of the Sub Committee and appropriate resourcing of NCDDS with staff, Advisers and consultants.

(ix) Consider Defining Central Ministries / Agencies not of Interest at this Time

A full and proper review of the architecture of Government also requires consideration of sectors / Ministries that will remain exclusively central Government in nature and it would also identify those that might be amalgamated, privatized or abolished. This seems beyond the capacity of NCDDS at this time. Nevertheless a clear list of exclusions for those of an exclusively central nature may assist to provide some clarity for the Central Ministries. A limited review of the 39 budget entities now in place suggests that well over half of them are likely to remain exclusively central in nature. Articulation of entities excluded from the current IP3 phase would normally occur in a legal instrument such as that referred to in point (iv) above.

(x) Early Piloting will be Challenging

Piloting (particularly of delegations) is an important part of IP3. This is likely to prove challenging particularly in an environment where comprehensive reviews of reform options have not been completed and most Ministries have not yet adjusted plans and budgets to accommodate SNDD reforms. There will also be budgetary and personnel challenges. Estimating the costs of activities to be transferred will be difficult where in most (not all⁴) cases there are no clear systems or data for costing such activities to include staffing, overheads, capital usage and so on. Furthermore, it will take some time to get delegations into the national budget – it is understood no significant delegations have been included in the 2011 budget or the 2012 budget now under preparation, meaning 2013 may be the first opportunity. A small number of pilots in a small number of SNAs may not be very meaningful and may imply an ad hoc and piece meal strategy to reform. Broader pilots across all SNAs are to be preferred. One opportunity here would be piloting of a better articulated set of functions in relation to the general mandate for Districts and Municipalities, which as noted above will need concurrent reforms to current arrangements for financing the Provinces, Municipalities (and indirectly the

⁴ Some unit costing of decentralized education and health facilities exists according to the Budget Department of MEF

Districts) including reform of revenue and transfer arrangements. Sector experimentation under IP3 is appropriately confined to a small number of priority sectors (education, social welfare; rural development and water), all of which are currently undergoing functional mapping exercises with DP support. Ideally there should be an early push for limited block funding in all of these priority sectors with relevant Ministries required to identify and give up equivalent funds as part of MTEF allocative processes. Finally, without further progress with personnel management reforms it will be challenging to manage staffing matters if staff in the pilot activities cannot be easily transferred or seconded.

(xi) Supporting Enhanced Unified Budgeting and Planning in the SNAs

The Organic Law and the 10 year Program give significant attention to the concept of unified administrations, including unified budgets and plans in the SNAs. Ultimately this would involve single plans and budgets for Provinces, Municipalities and Districts, including consolidation of direct activities of the Councils along with activities in the region of all Departments of National Ministries. Notwithstanding any such consolidation, financing sources and lines of responsibilities for the Ministry Departments would still ultimately rest with the national Ministry. Such a move would allow for transitioning over time from the current phase which essentially focuses on vertical deconcentration of central activities to a more horizontal phase of deconcentration. Over time such approaches can provide useful planning, budget and cost information to enable movement (in appropriate cases) to less centralized approaches, including through use of assignments and delegations. Movement to unified budgeting and planning systems should be considered at least at Provincial, Municipal and District levels and should be a central consideration in the current preparation of draft regulations for the management of public finances in the SNAs.

(xii) Eventually Some Tough Decisions will be Needed

Experience elsewhere with reforming the architecture of Government suggests that purely bottom up approaches to review and reform typically do not produce substantive reforms. Ministries in general do not want to give up activities or resources and thus tend to offer minimalist positions. At the end of the day reform is likely to require tough decisions from the NCDD and higher levels of Government. Such tough decisions may be difficult to take in the current social environment of Cambodia where significant attention is given to consensus building and not abolishing or eliminating old institutions when new ones to replace them are established. If once the reform options are on the table Ministers' are unable to take hard decisions then the matters identified for reassignment or delegation may prove to be of a minimalist nature. Much of the adjustment financing will need to be identified as part of an MEF driven, MTEF which is the appropriate vehicle for restructuring the budget to match with architectural reform of the Government. The Strategy Paper (or a separate determination by the RGC) might consider spelling out relevant and workable processes to apply in the event of deadlocks between Ministries and NCDD as to the nature of functional assignment reforms.

4. Considerations for Achieving the Main Deliverables in IP3

The main deliverables to be pursued under IP3 would need to be a central part of the Strategy paper. Based on the above analysis some brief final comments on the main IP3 deliverables are made in Table 1.

Table 1: Considerations for IP3 Core Deliverables⁵

Core Deliverable	Considerations
(i) Prepare FA Law amendments / Regulations	This is challenging but important. Work on an initial legal instrument on functional assignments might focus on expanding the principles in IP3 and replacing the abrogated list in the 1998 Provincial Law; further articulating the general mandate; and to consider initial assignments for limited block funding for the four priority sectors identified for reassignments
(ii) NCDDS properly structured, staffed and resourced for FA	Critical – requires immediate action
(iii) Policy paper on processes, scope etc for FA and reaching of consensus	Underway – needs very high level support and release and sustained follow through
(iv) Sector specific functional reassignment plans prepared and adopted by NCDD	Some sector studies are underway while others are uncertain. Needs further articulation of the strategy; better management and a time bound work plan
(v) Pilot contractual delegations in education, social welfare, water supply and rural development	Functional mapping studies (and in one sub sector a review) have either recently been completed or are underway in all these sectors. Identifying pilots should be possible but arranging contracts, budgetary appropriations and personnel transfers / secondments will be challenging. Need to explore nationwide pilots where feasible and not isolated piloting. Early focus on limited reassignments in the four priority sectors may be more productive
(vi) Study general mandate functions immediately transferable to C/S leading to piloting (by end 2011) of conditional grants for basic and low cost functions	End 2011 seems optimistic – no conditional grants seem to have been budgeted centrally for 2011 or 2012. Clarifying general mandates for Districts and Provinces through Regulation seems important and along with reforming Provincial, Municipal and District revised functions and financing arrangements under the D/M Fund while moving to limited conditional funding of block grants to the four identified priority sectors
(vii) RGC consensus reached on processes for reassigning functions	A critical area for the strategy paper that needs high level support. Closely relates to deliverables (ii), (iii); and (iv) above
(viii) establish NCDDS Working Group to support the NCDD Sub Committee	Part of (ii) above. Critical – requires immediate action
(ix) employ international consulting firm to prepare methodology, processes etc for functional reviews and to do the reviews with Ministries a	Part of (ii) above. May be needed to coordinate and support those Ministries / sectors not receiving DP TA. However, will not be effective if the policy area of NCDDS is not staffed with permanent and senior FA Officials and if the Sub Committee is not effectively activated
(x) Implementation plans for functional reassignments put in place by Ministries	As per (iv) above. In some sector mapping studies are underway while other sectors are uncertain. Needs further articulation of the strategy and a time bound work plan. Getting Ministry Plans will not be enough. NCDD will need to critically review them and probably need to address hard decisions. Early wins would be possible through limited block grants for the four priority sectors identified in IP3
(xi) NCDDS to provide technical support to Ministry's that need it for functional mapping and functional reassignment plans.	As per (iv), (ix) and (x) above.

⁵ Note that deliverables are as presented in IP3. They could benefit from some reorganization in presentation, but for consistency are presented in IP3 format.

Appendix 1: Detailed Summary of the Legal and Policy Framework for Functional Assignments Reform

Appendix not presented here but available separately on request. It summarized the main legal and policy / programming documents that address functional assignments reform in Cambodia.