

ROYAL GOVERNMENT OF CAMBODIA

PUBLIC FINANCIAL MANAGEMENT REFORM PROGRAM

PARTNERSHIP PRINCIPLES (PPS)

Note: This document is a common understanding of preferable partnership principles which donors, TA providers and the Government of Cambodia are expected to follow, and does not constitute a legally binding instrument. Other partners are welcome to consider signing this document at a later stage.

CONTEXT

The Royal Government of Cambodia (RGC), at the Paris 2000 Consultative Group meeting, stressed the need for Development Partner-Government relationships to be built on the principle of *partnership*. This requires considerable harmonization of donor interventions and initiatives across the donor community, as well as of donor interactions with government. The increasing acceptance of sector-wide approaches (SWAs) as providing a platform for better inter-donor and donor-government coordination presents an opportunity to address this concern.

These PPs seek to establish the basic principles that would inform such a partnership for the RGC Public Financial Management (PFM) reform program, through guiding inter-partner and partner-government coordination modalities.

These PPs draw on the "Suggested Principles and Practices for Partnership" reached between participating development partners (DPs) and the RGC to establish a consultative mechanism for the ongoing program for the education sector, which provides a precedent for partnership principles.

The PFM reform program is designed as a long term rolling program, building on a series of *platforms*. Each platform specifies a package of reform activities that, when completed, would enable commencement of work on a succeeding platform. When complete, the platforms would provide a comprehensive PFM system for Cambodia fully reflecting the RGC's corporate PFM vision.

A coordinated, flexible and transparent process needs to be designed to deliver the proposed PFM reform program in accordance with the principles outlined below.

Acceptance of the principles detailed below would constitute a credible minimum commitment by stakeholders to a partnership that delivers the required coordination process.

KEY PRINCIPLES

DPs and RGC have reached consensus that the spirit of the PPs entails constantly seeking ways in which to:

- *improve* program coordination
- *minimize* the human, institutional and financial costs of securing such coordination
- *maximize* the effectiveness of coordinating arrangements to secure program delivery.

The PPs provide a baseline for such endeavors:

1. DPs will respect RGC leadership, ownership, and accountability for the reform process.
2. The RGC and DPs will work together for a coordination process that must deliver:

- Agreed milestones for evaluation of program achievements rather than one-off and separate appraisal/review exercises
 - Mechanisms for negotiation between stakeholders on policy priorities, strategic options, and alternative modalities for PFM reform
 - Opportunities to coordinate donor and government budgeting, planning, and funding cycles
 - An ongoing strategic discussion on program delivery and the performance review process
3. The coordination process will be transparent and inclusive, incorporating meaningful and legitimate representation from all key stakeholders.
 4. The RGC encourages all DPs supporting the Government's PFM efforts to join the PFM SWAp and thereby endorse the PPs.
 5. The RGC will provide to, and will receive from, DPs full and regular information on the progress of the PFM reform program.
 6. The RGC will invite DPs to participate in, and provide inputs for, the overall program review cycle. DPs will endeavor to cooperate in jointly organizing progress review activities.
 7. DPs will provide an indication of support to the RGC for each year of the program at least three months before the commencement of the new calendar year.
 8. All reports issued as a result of technical assistance under the PFM reform program will be addressed to the RGC. The RGC is responsible for sharing the technical assistance reports with DPs, in the spirit of partnership and transparency.
 9. DPs will, subject to compliance with their individual organizational procedures and RGC clearance, share the results of PFM fact finding, design, and review missions with other partners, in the spirit of partnership and transparency.
 10. DPs will, subject to compliance with individual organizational procedures and agreement with RGC, consult the Government and other DPs on terms of reference for PFM reform activities.
 11. DPs and the RGC will inform each other about activities in other sectors, which may significantly impact on, or overlap with, PFM reform activities.

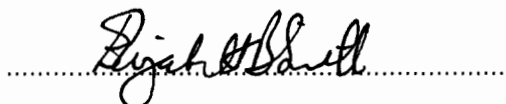
THIS PARTNERSHIP PRINCIPLES IS A COMMON UNDERSTANDING

BETWEEN


**The Australian Government represented by:
H.E. Ms. Lisa Filipetto, Ambassador of Australia**



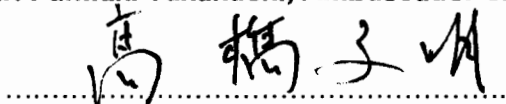
**The Department for International Development (DFID) represented by:
H.E. Ms. Elizabeth Smith, Head of office, DFID Cambodia**



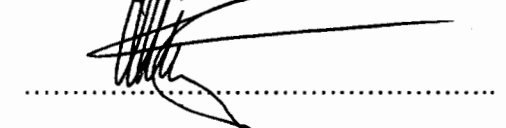
**The French Government represented by:
H.E. Mr. Yvon Roe D'albert, Ambassador of French**



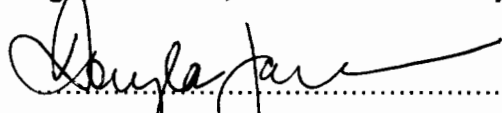
**The Japanese Government represented by:
H.E. Mr. Fumiaki Takahashi, Ambassador of Japan**



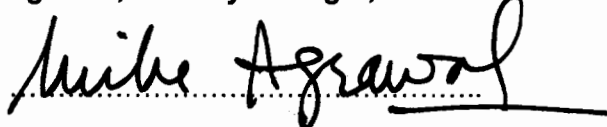
**The Swedish International Development Cooperation Agency (SIDA) represented by:
H.E. Mr. Claes Leijon, Counselor of Sweden Embassy**



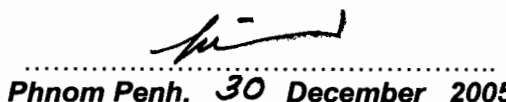
**The United Nation Development Program (UNDP) represented by:
H.E. Mr. Douglas Gardner, UNDP Resident Representative**



**The World Bank (WB) represented by:
H.E. Ms. Nisha Agrawal, Country Manager, World Bank Cambodia**



**The Royal Government of Cambodia (RGC) represented by:
H.E. Mr. Keat Chhon, Senior Minister and Minister of Economy and Finance**



Phnom Penh, 30 December 2005