

PROJECT PROPOSAL TO

THE WORLD BANK

FOR

DEMAND FOR GOOD GOVERNANCE PROJECT

NON-STATE ACTOR COMPONENT

APRIL 2008

SUBMITTED BY:



The Asia Foundation

#59, STREET OKNHA PEICH (ST. 242)
PHNOM PENH, CAMBODIA

TABLE OF CONTENTS

LIST OF ANNEXES	2
LIST OF FIGURES AND TABLES.....	3
LIST OF ACRONYMS AND ABBREVIATIONS	4
I. INTRODUCTION	5
II. SECTOR AND INSTITUTIONAL BACKGROUND.....	6
III. PROJECT COMPONENT OVERVIEW	9
IV. NSAC STRUCTURE.....	13
V. NSAC GRANT MECHANISMS	16
VI. PROJECT ACTIVITIES.....	20
VII. PARTICIPATION AND CONSULTATION PLANS	33
VIII. COMMUNICATION AND OUTREACH STRATEGY	35
IX. RISK ASSESSMENT AND MITIGATION	37
X. DETAILED COMPONENT COST ESTIMATES AND FINANCING PLAN ..	43
XI. PROCUREMENT.....	46
XII. SUSTAINABILITY ISSUES AND ARRANGEMENTS.....	48
XIII. MANAGEMENT AND STAFFING PLAN	49
XIV. CAPACITY STATEMENT.....	51

LIST OF ANNEXES

Annex I: Draft Results Framework Table II.....	41
Annex II: Figure 2: Flowchart for NSAC and PECSA Grants	44
Annex III:Outline of Application Process for NSAC Grants (DM and Small Grants)	44
Annex IV: Description of Proposed NSAC Rating Criteria	46
Annex V: Risk Management Matrix for NSAC	47
Annex VI: Good Governance/Anti-Corruption Matrix for NSAC	55
Annex VII. Code of Conduct for Members of the Grant Making Committee for the Demand for Good Governance (DFGG) Project	70
Annex VIII: Implementation Time-table until mid-point.....	73
Annex IX: Lessons Learned and Reflected in the Project Design.....	74

LIST OF FIGURES AND TABLES

Figures:

Figure 1: NSAC structure	13
Figure 2: Flowchart for NSAC and PECSA Grants.....	44

Tables:

Table 1: Results Framework	11
Table 2: Timeline for formation of GMC	15
Table 3: Eligibility Criteria	19
Table 4: Rating Criteria	19
Table 5: Summary of Pre-implementation Activities	21
Table 6: Summary of Activities for Subcomponents 1 & 2.....	25
Table 7: Summary of Capacity Building, M&E and Learning	30
Table 8: Summary of Evaluation and Learning Tools.....	31
Table 9: Summary of Promotion and Communication Tools.....	36
Table 10: Project Costs (Years 1-4).....	45
Table 11 Budget Summary	46
Table 12: Funding Scenario A	46
Table 13: Funding Scenario B	46
Table 14: Funding Scenario C	46
Table 15: Outline of Application Process for NSAC Grants (DM and Small Grants)	44

LIST OF ACRONYMS AND ABBREVIATIONS

AC	The Arbitration Council
CAS	Country Assistance Strategy
CBO	Community Based Organization
CIC	Community Information Center
DFGG	Demand for Good Governance
DO	District Ombudsman
GMC	Grant Making Committee (NSAC)
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
MOI	Ministry of Interior
MONASRI	Ministry of National Assembly-State Relations and Inspection
NGO	Non-Government Organization
NSA	Non-State Actor
NSAC	Non-State Actor Component
OWS	One Window Service
PECSA	Program to Enhance Capacity in Social Accountability (World Bank)
RGC	Royal Government of Cambodia
RNK	Radio National of Kampuchea
SA	Social Accountability
SI	State Institution
SOE	State-Owned Enterprise
UNTAC	United Nations Transitional Authority in Cambodia

I. INTRODUCTION

The Asia Foundation (the Foundation) is pleased to present this project proposal to the World Bank seeking funding under the non-state actor component (NSAC) of the Demand for Good Governance (DFGG) project. This project will facilitate the development of constructive engagement between the Royal Government of Cambodia (RGC) and non-state actors (NSAs). Partnerships between these two sectors will strengthen and promote the government's reform agenda through complementary activities undertaken by NSAs to stimulate demand for good governance from civil society.

Demand for Good Governance (DFGG)

The DFGG project in Cambodia may arguably be the World Bank's *first project that includes developing demand-side approaches to tackle governance issues*. DFGG and its non-state component emerge directly from the reform agenda of the RGC that emphasizes good governance at the heart of its reform strategies (such as in the *Rectangular Strategy 2004-08*, the *Governance Action Plan*, and the *Decentralization and Deconcentration* policy). Conceptually, 'DFGG' aims to increase the extent and ability of citizens, civil society organizations, and other non-state actors to hold the state accountable and to make it responsive to their needs. In turn, DFGG enhances the capacity of the state to become transparent, accountable, and participatory.

The DFGG project comprises the following **three core pillars**:

- Pillar One:** Support to state institutions (SIs),
- Pillar Two:** Support to non-state actors (NSAs), and
- Pillar Three:** Coordination and learning between SIs and NSAs

Pillar One: Support to State Institutions: The government has identified four state institutions that are expected to participate in DFGG. The four state institutions selected for participation in this component are:

- Ministry of National Assembly-State Relations and Inspection (MONASRI);
- The Arbitration Council (AC) within the Ministry of Labour and Vocational Training (MOLVT);
- Radio National of Kampuchea (RNK) within Ministry of Information; and
- One Window Service (OWS) and the District Ombudsman (DO) of the Ministry of Interior (MOI)

Pillar Two: Non-State Actor Component: Recognizing the important roles of civil society, the private sector, and other non-state institutions in informing and supporting government policies and programs, the RGC has agreed to support this component to foster and enhance efforts of non-state actors to facilitate improvements in governance. Through NSAC, this project will build the capacity of NSAs in Cambodia to engage in governance reform, partner with government, and develop innovative social accountability approaches. The RGC has agreed to utilize a competitive grant-making process to support such NSA initiatives, and this process will be outlined in detail in this proposal document. It is expected that through the proposed approach to NSA engagement, and through the linkages across the pillars, the DFGG project will lead to

increased public participation in the formulation of laws and regulations, greater transparency in policy-making processes, and long-term sustainability of governance reforms.

Pillar Three: Coordination between State Institutions and Non-State Actors: To be implemented by the Ministry of Interior, activities falling under Pillar Three will serve to coordinate and link the other two pillars with the aim of promoting partnerships and an informal ‘compact’ between state institutions and non-state actors. This pillar will create the ‘ripple effect’ from the project’s supported institutions and to promote a process of ‘learning by doing’ within the project.

Non State Actors Component (NSAC)

This proposal describes the activities related to the Non-State Actors Component (NSAC) of DFGG (Pillar Two). It outlines the component’s structure, corresponding staffing plan, and grant mechanisms. The proposal also discusses the communication and partnership strategies, describes the financial and procurement arrangements, and includes a detailed budget. In developing the proposal for this project, the Foundation has consulted with non-state actors in Phnom Penh and the provinces, other key state institutions including the Ministry of Interior (the coordinating agency), and the World Bank’s Task Team. The World Bank’s civil society assessment and consultations conducted in preparation for DFGG also guided the preparation of the proposal. These preparatory assessments confirmed that while there is widespread public awareness of governance challenges, there is little experience to date of systematic public engagement in activities to promote reforms in these areas.

Although designed explicitly to support the role of non-state actors in fostering demand for good governance, NSAC is also intended *to strengthen and link the work of both state and non-state institutions*. A grants mechanism will be used to encourage demand-based approaches that promote innovative partnerships, learning, and capacity building. NSAC will fund non-state initiatives that complement or extend the activities of the four state institutions and will provide grants to NSAs that enhance their ability to partner with government and promote social accountability and other demand-based approaches. These grants will emphasize principles of constructive engagement between state and non-state actors, including good communication practices and mutual respect and responsibility. As the government gains confidence in these activities, similar partnerships may be replicated in other agencies and support for independent NSA activities will become more likely. Finally, The Asia Foundation will develop both formal and informal partnerships with other state and non-state actors, implement a strategic outreach and communication strategy, and provide necessary training for stakeholders.

II. SECTOR AND INSTITUTIONAL BACKGROUND

Governance Reform and Challenges

Governance is at the heart of the policy agenda of the RGC as demonstrated in the Rectangular Strategy of 2004-2008, the Governance Action Plan, and the Decentralization and Deconcentration policy. Legal regulatory mechanisms currently under consideration by the RGC also foster an enabling environment for governance improvements. For example, an Inter-Departmental Working Group convened by MONASRI has drafted a “Public Access to Information” policy paper, which is expected to be discussed by the Council of Ministers and to form the basis for a law defining citizens’ right to information.

However, challenges remain in the implementation of these policies, particularly in institutionalizing these reforms at the local level, and doing so in a way that complements and supports the rapid economic development currently underway in Cambodia. For example, weak governance structures at the local level impede people's access to resources. Eighty-five percent of the population in Cambodia lives in rural areas and relies on natural resources for subsistence and livelihoods. Access to these resources by the poor is tenuous and, at present, citizens have limited ability to influence local decision-making. While the De-concentration and Decentralization Plan of 1999 introduced mechanisms to facilitate greater participation in local decision-making, a lack of transparency in the budget-making process remains, as well as further room for improvement in local service-delivery planning processes.

Similarly, efforts to improve governance in the private sector can improve citizens' access to resources and justice, and help address issues of inequity. An example of such improvements is the establishment of the Arbitration Council in 2003, which has helped address labor issues by facilitating dialogue between business associations and parliamentarians. To date, the Council has resolved approximately 60 percent of labor disputes that have appeared before it, mostly in the garment sector.¹

In both examples above, non-state actors can play significant roles in carrying forward both existing efforts by governance institutions and new pilot initiatives. For example, an increased emphasis on participatory planning and third-party monitoring in local budget-making processes could improve transparency and local service delivery. In the labor sector, NSAs can augment the work of the Arbitration Council by providing training to professional organizations on negotiation skills and collective bargaining agreements and by promoting awareness about the AC in general. In addition, supporting dialogue between business associations and policymakers can promote entrepreneurial activity and lead to a better business environment. NSAs can also implement social accountability approaches, such as business scorecards, designed and piloted by the Foundation.

Character of Non-State Actors

The composition of non-state actors in Cambodia is diverse, ranging from informal community-based organizations, such as pagoda committees, to trade unions, professional NGOs, and media associations. In the early 1990s, the United Nations Transitional Authority in Cambodia (UNTAC) supported the emergence of non-governmental organizations (NGOs) to fulfill the UN's charter of supporting democratic processes. Many of these organizations perform advocacy on human rights issues. The number of NSAs has grown significantly and today there are approximately 1900 registered national and international NGOs, based on figures from the Ministry of Interior. Many of these organizations are quite professional and partner with international agencies.

According to a recent World Bank assessment, around 23 percent of Cambodians are affiliated with an association.² A little over two-thirds of the respondents in this category belonged to a traditional organization such as a pagoda, which are not included in the official figures. Pagoda associations are usually located at the village level, and membership is often based on familial

¹ Personal communication with the International Labor Organization, Cambodia

² Based on the preliminary findings of the World Bank's civil society assessment conducted in preparation of DFIGG.

association. Pagodas typically provide services around milestones, such as child births and funerals, and also engage in charity work.

Informal sector-specific organizations have also been created by the government and international agencies to encourage community participation in various sectors, such as health and forestry. The impact of these sectoral groups on local decision-making is not clear, but such practices are introducing useful concepts of participatory decision-making at the commune level. In addition to these sectoral committees, community-based organizations (CBOs) are emerging that engage in local-level advocacy around livelihoods issues related to land and the use of resources.

Professional organizations, particularly in the garment and tourist industries, have also proliferated in Cambodia. Trade unions are now abundant, and have become more institutionalized or affiliated with international organizations that can provide funding and advice. Business associations are also increasing in number and perform capacity building and policy outreach with Cambodian entrepreneurs. For NSAC purposes, the non-state actor sector is assumed to include national-level policy and research centers and independent media organizations. Although still limited in number, these organizations have developed in Phnom Penh to work with international agencies and the government.

The non-state sector, however, faces a number of internal challenges. The first challenge is that many NSAs lack sufficient infrastructure or skills to fulfill their potential role in fostering demand for good governance. For example, the capacity of NSAs to promote demand for social accountability and good governance through dissemination of public information is constrained by a lack of public education programs, NSA networks, or established relationships with the media. As a result, the potential for NSAs to serve as vehicles for public information and education remains untapped. The findings of the World Bank preparatory assessment on civil society support this view, with only 8.4 percent of respondents stating that they rely on NGOs as their source of information.³

Further, the World Bank assessment suggested that NSAs' knowledge of public policies, procedures, and budgets is also poor. This certainly constrains the ability of NSAs to engage effectively with state institutions and to promote mechanisms for citizen participation in public policy development and budget making.

The World Bank study also concluded that lack of accountability is also a problem for national NSAs. This is partly as a result of low organizational and management capacity. Further, local NSAs often form around strong personalities, and demonstrate paternalistic patterns of leadership that undermine genuine participatory engagement at the grassroots level.

Finally, the growth of NSAs continues to suffer from low levels of community buy-in. According to the World Bank assessment, citizens have very little confidence in the ability of non-state institutions to influence public decision-making. The majority of the respondents thought real decision-making power lay only with the central government. Further, the survey also showed that citizens are reluctant to join formal, structured groups and there was a corresponding preference for smaller, informal groups.

Despite these limitations, the World Bank's assessment on civil society in Cambodia also found that there is mounting NSA interest in issues of governance. Moreover, NSAs are already

³ Respondents reported radio or television as their most-relied upon source of information, followed by the village chief.

carrying out efforts that advance good governance, such as promotion of public demand for information and independent monitoring activities.

III. PROJECT COMPONENT OVERVIEW

NSAC is a grant-making project designed to support non-state actors in mobilizing demand for good governance, promoting greater access to information on governance issues, and enabling increased citizen participation in the public sphere. Through its grant-making program, NSAC will build on state-sponsored governance programs and strengthen non-state institutions in sectors that mediate, respond to, or monitor demand for good governance and will contribute to the higher-level objectives set out in both the government of Cambodia's Rectangular Strategy and the World Bank's Country Assistance Strategy (CAS). The overall goals of NSAC are to strengthen citizens' capacity to demand good governance by funding non-state institutions and coalitions for social accountability and constructive engagement initiatives in the **five priority reform areas of the DFGG** project, which are as follows:

- i.) Strengthening the management of Cambodia's natural resources
- ii.) Strengthening the governance of the private sector
- iii.) Improving the governance of public finances
- iv.) Improving the effectiveness of public service delivery at the local level
- v.) Developing the media to support governance

NSAC will support new mechanisms for direct and regular dialogue and negotiation between citizens and the state at all levels of government. These may include regular facilitated exchanges between non-state and state actors through public forums that involve practitioners, sector specialists and public service providers, informal networking opportunities promoting access to information, or activities that monitor the activities of the state. These types of activities can broadly be categorized as social accountability practices. Social accountability can occur where civil society works collaboratively with the government to develop direct accountability relationships between citizens and the state.

The Foundation will closely collaborate with the Program to Enhance Capacity in Social Accountability (PECSA) directly implemented by the World Bank. PECSA can be considered the precursor to NSAC; that is, PECSA will pave the way for DFGG by supporting trainings and other capacity building activities to enable development practitioners to become familiar with social accountability techniques. PECSA will also pilot the grant-making mechanisms of NSAC, so informing its grant management, communication and outreach strategies.

Under NSAC, four common civil society approaches to social accountability are envisioned:

- 1) **Promotion** of public demand for governance through activities that provide access to information on government processes, laws and programs, and budgets.
- 2) **Mediation** practices that encourage policy consultations with the public, address grievances, and support dispute resolution.
- 3) **Response** mechanisms that encourage competitive processes to improve the efficiency of government programs (e.g. performance awards or participatory planning).

- 4) **Monitoring** activities provide independent, third-party assessment of government programs and innovations.⁴

NSAC will provide two grant windows to support proposals that include partnership with State Institutions, and activities specifically initiated by NSAs. NSAC's first grant window will be partnership grants that will support collaborative activities that extend the activities of the four selected State Institutions under DFGG. The second grant window, Thematic Grants, will support governance activities initiated by NSAs to encourage social accountability practices in the five DFGG focus areas. Continuity of activities between funding cycles and at the project's close will be ensured by supporting knowledge-sharing, M&E, and capacity building. This will allow NSAC stakeholders to become more familiar with demand mechanisms, and establish the networks necessary to ensure sustainability of this approach.

Funding for both grant windows will be available through two grants mechanisms: 1) the Development Marketplace, and a 2) Small Grants Program. These mechanisms encourage pilot projects supported by small grants and taking successful approaches to scale through larger grants.

The NSAC project activities are organized under three subcomponents: one subcomponent for each of the two grant windows and a subcomponent for capacity building and M&E, as follows:

- (i) partnership grants, which will promote joint activities between DFGG State Institutions (SIs) and non-state actors;
- (ii) Thematic Grants that will respond to the public's demand for better governance and support social accountability mechanisms;
- (iii) capacity building, M&E, and learning.

Development Objectives and Indicators

Overall, NSAC aims to promote national and local level social accountability initiatives in the priority areas of DFGG. This will be achieved by supporting NSA coalitions and networks and encouraging local ownership of demand-based approaches through discussion and debate. NSAC also aims to create an enabling environment to encourage partnerships between NSAs and the state by facilitating informal and informal dialogue, promoting successes of social accountability in Cambodia, and building the capacity of NSAs to engage with the government. Detailed component outcomes are outlined in Table 1 below and in Annex I Results Framework Table II.

⁴ Cambodia DFGG Project: An Updated Storyline; World Bank: Washington DC.

Table 1: Results Framework

Development Objective	Outcome Indicators	Use of results information
<p>NSAC aims to strengthen citizen’s capacity to demand good governance by funding and scaling-up ongoing or pilot social accountability initiatives of non-state institutions and coalitions in the five priority reform areas of DFGG.</p>	<p>1. Promoting DFGG in priority reform areas.</p> <ul style="list-style-type: none"> ▪ % awareness of disseminated information among relevant stakeholders in areas covered by awareness and disclosure campaigns of relevant NSAs supported by the DM. ▪ % of relevant stakeholders rating relevant NSA awareness and disclosure campaigns as relevant for their context. <p>2. Mediating DFGG in priority reform areas.</p> <ul style="list-style-type: none"> ▪ Number of disputes and instances of feedback identified and mediated by relevant NSAs supported through the DM. ▪ % of disputes and instances of feedback identified and mediated by relevant NSAs supported through the DM that were satisfactorily responded to. <p>3. Monitoring to inform DFGG in priority reform areas.</p> <ul style="list-style-type: none"> ▪ Number of public sector institutions monitored through NSA initiatives supported under Component 2. ▪ Percentage of public sector institutions and activities that use the independent NSA monitoring data to take strategic management and/or corrective actions. 	<p>Demonstrate the effectiveness of a holistic strategy that addresses the full set of weaknesses inherent in demand-side approaches to governance in Cambodia.</p>
<p>Objective 1: To strengthen the capacity and effectiveness of Cambodian NSAs.</p>		
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>1. Improved capacity to undertake DFGG programs.</p>	<p>1a. (Average) % of NSAs supported from Component 2 that report a high (based on rating scale) achievement of their capacity targets for undertaking their specific DFGG programs and activities.⁵</p> <p>1b. Expert assessment of % of NSAs supported from Component 2 that have increased awareness and capacity to</p>	<p>Determine the on-going capacity building needs in order to further enhance the contribution of non-state actors to the demand for good governance.</p> <p>Tracking of development impacts of NSAC funded activities</p>

⁵ Again as the supported programs and activities of NSAs are likely to be quite different the capacity question has to be asked relative to their specific context. The averaging will be a ‘simple average’.

Development Objective	Outcome Indicators	Use of results information
2. Ability to implement demand driven projects and activities under the DFGG project.	undertake DFGG programs and activities 2a. (Average) % of NSAs supported from Component 2 that report an a high (based on rating scale) achievement of their grant objectives 2b. Expert assessment of % of NSAs supported from Component 2 who have a high (based on rating scale) achievement of their grant objectives.	
Objective 2: To encourage state-non-state partnerships and enhance the effectiveness and scope of the programs supported in Component-1 of DFGG		
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
1. Increased number of partnership initiatives between NSAs and the four DFGG project supported SIs 2. Increased willingness of NSAs and DFGG supported SIs to enter into partnerships for constructive engagement.	1. Number of partnerships between SIs and NSAs established under Component 2 2a. % of NSAs responding an increase in trust and quality of partnership between NSAs and government 2b. Number of NSAs that (i) express interest, (ii) make a concrete plan, and (iii) take the first steps to enter into new or continue existing partnerships beyond life of project.	Demonstrate the usefulness of state-non-state partnerships in enhancing effectiveness of DFGG programs Provide guidance to DFGG SIs on further improvement of their initiatives Formulation of case studies Use in progress reports of the Foundation and SIs
Objective 3: To promote strengthening of NSAs' roles in the demand-side of governance by encouraging sharing of experiences, documenting lessons, cross-learning, monitoring of impacts, training, and other forms of capacity building to non-state institutions supported through the NSAC grants.		
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
1. Increased awareness of NSAs in their social accountability related knowledge and skills 2. Increased number of SA practitioners. 3. Improved access to social accountability related information and resources for NSAs	1. % of relevant stakeholders (NSAs, donors, etc.) reporting increased awareness and understanding of DFGG principles and approaches ⁶ 2. Number of NSAs that (i) express interest, (ii) make a concrete plan, and (iii) take the first steps to undertake new or continue existing DFGG activities beyond the life of the project. 3. Number of newly created NSA networks, resource centers, or informal coalitions established to share and disseminate lessons of DFGG experience	Determine the on-going capacity building needs in order to further enhance the contribution of non-state actors to the demand for good governance. Tracking of development impacts of NSAC funded activities

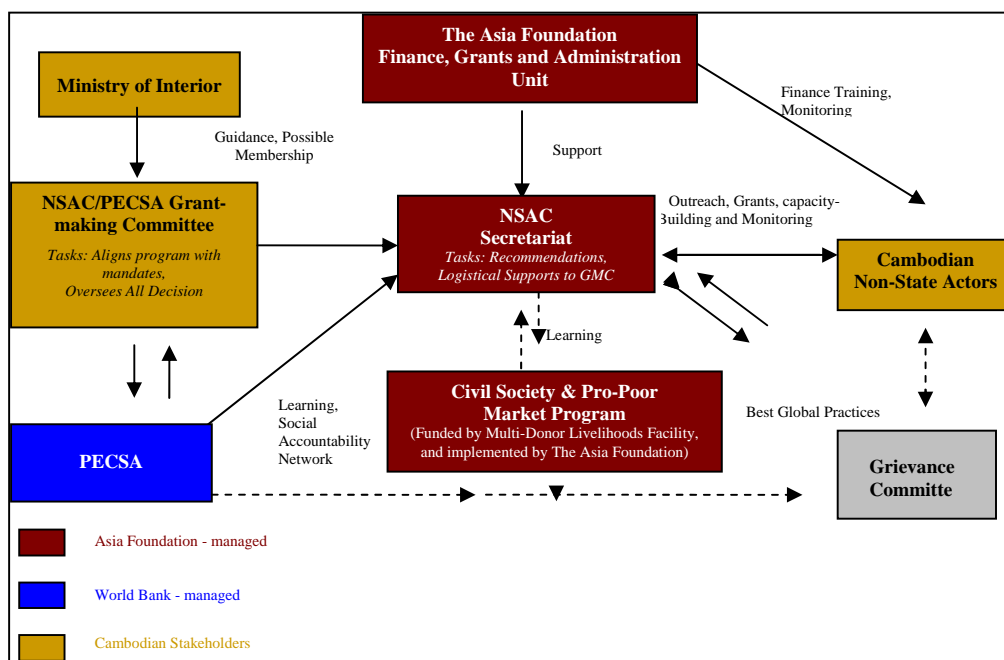
⁶ In the context of NSAC this would refer to concepts of social accountability, DFGG functions, principles of constructive engagement, etc.

IV. NSAC STRUCTURE

Overview of NSAC Structure

The proposed structure of NSAC is depicted in Figure 1 and described in further detail below. The NSAC will be comprised of a secretariat with overall responsibility for managing NSAC and an independent grant-making committee (GMC) composed of senior state and non-state representatives that will select all grant recipients.

Figure 1: NSAC structure



NSAC Secretariat

The Secretariat housed at The Asia Foundation’s Phnom Penh office will manage and implement the three subcomponents of NSAC. In particular, it will facilitate the GMC, coordinate the application processes for the two grant windows, and liaise with the key DFGG stakeholders, including, the DFGG program coordination unit housed at the Ministry of Interior, other SIs, NSAs, and donor agencies. The secretariat staff will also manage capacity building and M&E activities. These are discussed further in the next section.

Grant-Making Committee

The GMC will select grantees for both NSAC and PECSA grants. This recommendation was made to maximize existing human resources, avoid duplication, minimize program bureaucracy,

and to cultivate program synergies. Following the DM-model developed in other countries, the grant selection will be independent from the NSAC secretariat to ensure the integrity of the process. Further, selection of the grants by recognized Cambodian leaders will strengthen the legitimacy of the process. The suggested functions of the committee include the following:

- Review project applications of the Small Grants Program on a quarterly basis
- Review concept notes and applications for Development Marketplace every two years
- Select grantees in support of the principles of DFGG
- Interview applicants as necessary
- Identify and invite external technical experts to review proposals
- Decide which GMC members will interview which candidates, and whether it will be necessary to draw in technical reviewers to help with the interviews (this would depend both on the numbers of finalists and the complexity of their proposals)
- Provide feedback to applicants on their proposals
- Respond to any grievances by applicants and establish, with the DFGG Project Coordination Office, a formal complaints mechanism
- Review its own performance on a regular basis and take necessary steps to ensure that the committee continues to work well
- Maintain close communication with the Foundation
- Undertake occasional field visits to gain familiarity with progress.

Upon formation, the GMC will review its draft TOR, address any concerns with the Foundation, MOI and the World Bank, and write a mission statement that will govern its work. This should include, as a minimum: compliance with the objectives and values of DFGG, approval of outlined application procedures, and a process for appointing technical reviewers, which will be approved by the World Bank Task Team and the Foundation. Technical reviewers can be brought in to assist the GMC in reviewing concept notes, applications, or help interview applicants if necessary from a pre-approved slate of candidates. Through a consultative process, the Foundation will compile a roster of suitable candidates that will be selected by the GMC.

The GMC will meet every quarter over the four years to review grants for a day. The meetings prior to the two DMs may be extended to two days. Based on the high time commitment, GMC members will receive an honorarium from the Foundation based on the Foundation's normal practice. .

Composition of the Grant-Making Committee

The nine members of the GMC shall all be Cambodian and should represent the diversity of Cambodian society. Two government representatives shall be appointed by the Deputy Prime Minister H.E. Sar Kheng. The committee should strive to include a specialist on each of the DFGG focus areas, such as NRM, public finance, media, decentralization, and labor relations. These individuals should be adequately qualified to review the applications, however if the volume or complexity of grants proposals so warrants, the committee should be empowered to bring in other technical reviewers. Technical reviewers can help the committee review proposals. The GMC should be gender-balanced and should include three members who are based outside Phnom Penh. At its first meeting, the GMC shall elect co-chairs (one representing the non-state actors and the other representing government) who will preside over meetings but otherwise hold no prerogatives beyond other members. The chair shall rotate annually in a sequence determined by the members of the GMC.

The candidates for the grant-making committee should have the following characteristics:

- i) Widely recognized eminence in citizen engagement and working effectively in partnership with government;
- ii) Demonstrated knowledge of one of the DFGG focus areas;
- iii) Experience with governance, including capacity building;
- iv) Willingness to devote time to DFGG every quarter; and
- v) Reputation for impartiality

The committee members will be asked to sign a **code of conduct**, which will include a commitment not to enjoy any personal gain from service on the committee and designed to prevent collusion with applicants and a policy of recusal. A draft code of conduct is included in Annex VII and will be assessed by representative non-state actors through a consultative process and reviewed by MOI and the World Bank's Task Team.

Grant Making Committee Selection Process

GMC candidates will be identified by a search committee composed of representatives from the RGC, the World Bank, The Asia Foundation, and Cambodian civil society. His Excellency, Ngy Chanpal will serve for MOI, Ms. Vanna Nil will represent the World Bank, and Mr. Roderick Brazil will represent the Foundation. The NSA representative (selected through a consultative process) is Mr. Chhith Sam Ath, Executive Director of the NGO Forum, a membership organization for local and international non governmental organizations (NGOs) working in Cambodia.

The search committee will nominate a list of candidates based on the eligibility criteria. The appointments of committee members will be decided by the RGC and the World Bank. The search committee has met in December 2007 to discuss the process for selection, will meet in March 2008 to consider nominations, and the GMC will be established by April 2008.

Table 2: Timeline for formation of GMC

Task	Responsibility	Timeline	Comments
Determine Process of Selection	Search committee,	December 2007	The Asia Foundation facilitated.
Advertise for the committee	PECSA	May 2008	
Review nominations	Search committee	May 2008	The Asia Foundation will facilitate.
Suggest composition of Committee to WB and MOI	Search Committee	June 2008	
Decide on invitations to serve on the GMC	MOI and WB	June 2008	
Facilitate first meeting of the GMC	The Foundation	June 2008	

NSAC Grievance Mechanism

NSAC has three channels to address grievances: 1) Grievances can be submitted to the Foundation in writing on issues related generally to the terms and conditions of the grants; 2) Grievances can also be submitted to the GMC directly for issues concerning the grant selection process; 3) Finally, grievances can be addressed to the DFGG grievance committee, especially concerning grievances relating to the SIs. This channel can also be utilized to address all concerns regarding grant-making or in cases of serious malfeasance.

The Foundation will respond to all grievances in writing within a week and will convene a meeting of the aggrieved parties if required. The GMC will also issue a written response to these queries within two weeks and can coordinate a meeting with the aggrieved if required. To address such issues in an expedient manner, the GMC will nominate a sub-committee to handle complaints.

The overall DFGG grievance committee will be facilitated by the DFGG Program Coordination Unit and will convene on a case-by-case basis, arbitrate the issue based on the guidelines established, and convene the necessary stakeholders if necessary. All NSAC stakeholders, including state and non-state actors will be able to lodge a complaint with the NSAC grievance committee.

V. NSAC GRANT MECHANISMS

Two grant mechanisms will be used to process the partnership and the Thematic Grant windows:

- 1) **Development Marketplace**
- 2) **Small Grants Program**

The mechanisms described below are designed to promote learning and transparency in grant-making.

Grant Mechanism 1: Development Marketplace

The central modality of NSAC will be a grant-making mechanism developed by the World Bank known as the Development Marketplace (DM), which will be adapted and renamed for the Cambodian context. NSAC will process grants that respond to NSA proposals on governance and support partnerships with DFGG SIs through the DM. This mechanism promotes transparency in grant selection by requiring all applicants to participate in a public event, “a development marketplace knowledge fair,” where they are interviewed by the members of the GMC. Informally, it also allows applicants to learn from each other, their state counterparts, and build professional networks that will help promote wider learning on demand-based approaches. To ensure project impact, each DM under DFGG will have a defined focus area that will be decided through a consultative process involving the government, the World Bank, the Foundation, and NSAs.

The Asia Foundation’s communication consultant will develop a Khmer brand name for the DM concept during the pre-implementation phase, which will be vetted by MOI and NSAs through informal consultations. Given the newness of the approach, a brand name that resonates locally will encourage widespread buy-in and interest.

Application Process for DM Grants

All applicants for the DM (partnership and Thematic Grants) will enter a four-step application process, which is summarized in Table 14 and depicted in Figure 2 in Annex III. The secretariat will ensure that NSAs have the necessary assistance during the process by planning awareness-raising seminars. To that end, the Foundation will plan a minimum of two regional workshops that outline the goals of NSAC, the application process and requirements. During the application process, the Secretariat will also answer any questions about the application process on a case-by-case basis. To ensure all applicants have access to relevant technical advice on the DFGG concept and its focus areas, a Cambodian capacity-building organization will be contracted to support individual applicants and to hold seminars if necessary.

The application process will include the following steps:

- i.) **Concept Notes:** All applicants will be required to submit concept notes, which will be pre-appraised by the NSAC secretariat based on the eligibility criteria and reviewed by the GMC (these are discussed below). The Foundation's pre-appraisal will ensure that the concept notes are relevant to DFGG and that the applicants meet the minimum criteria necessary for implementation, such as administrative and financial capacity. The Foundation will also look for prior experience working with the Cambodian government and other NSAs as successful partnerships are integral to the project. These criteria are discussed in detail below. Applicants that do not meet the minimum eligibility criteria will be given the opportunity to revise their concept notes based on the Foundation's feedback and resubmit before the deadline.

To support positive models of partnerships as this is a RGC project, all NSAC grantees will be asked to agree to DFGG principles for constructive engagement, including: commitments to share findings with government prior to publishing, seeking opportunities to discuss policy recommendations with relevant officials, using study methods that maximize objectivity, and proposing viable solutions to problems that may be identified. These principles will be drafted by the Foundation, discussed with NSA partners, and finalized in consultation with the World Bank and MOI.

Partnership grants will follow the same process, but will require an informal endorsement from the relevant SI before the concept notes can be reviewed. The Asia Foundation will forward the concept notes to the relevant ministry and, if the ministry does not respond after 14 days, will assume there is no objection. If the SI has reservations it will be asked to express them in a format developed by NSAC that suggests ways the concept note could be modified. In the case of Partnership Grants, the GMC will consider comments from the relevant SI.

- ii.) **Final Applications:** Applicants that are short-listed by the GMC in this way will be invited to submit full applications (based on a template developed by the Foundation) to the secretariat. These finalists will also be invited to the Development Marketplace by the secretariat. Again, the Foundation will appraise all applications and the GMC will decide which of its members will review each application and whether to appoint additional technical reviewers.
- iii.) **Development Marketplace:** The Development Marketplace will be a public event where all finalists (i.e. applicants invited to submit full applications) will be requested to organize booths that showcase their organizations' contributions to good governance and

their NSAC proposals. The secretariat will also organize side seminars to promote networking and awareness of the DFGG focus areas. All NSAC stakeholders, including government and other NSAs will be invited. Small grantees will be invited, but attendance is not mandatory.

- iv.) **Selection of Grantees:** All finalists will be interviewed by 2-3 GMC members during the fair. The GMC will select winners on the basis of the secretariat's appraisal, and the formal reviews of proposals and interviews of applicants. Its deliberations will be guided by the rating factors outlined in table 4 and discussed in Annex IV. The winners will be announced at a separate event, probably the following day.

Grant Mechanism 2: Small Grants Program

NSAC will facilitate an ongoing small grants mechanism with a simple application procedure to ensure funding is accessible to grassroots NSAs and to ensure efficient and timely decision-making for smaller proposals. All grants (partnership and Thematic Grants) up to \$15,000 will be processed through this grant window. Successful applicants will be invited to participate in the Development Marketplace, but this will not be mandatory. The focus areas for the small grants program will be open-ended.

Application Process for Small Grants

This grant window will have a one-step application process. NSAs will submit applications in Khmer or English to the secretariat based on a format created by the Foundation; these will be accepted every quarter. As part of the application, small grantees will have to submit a form that the Foundation will provide endorsed by a recognized NSA to ensure that the GMC is considering applications from organizations with some existing track record as the application process will not include institutional assessments by the secretariat. The applications will be appraised by the Foundation on the basis of the eligibility criteria and forwarded to the GMC for its review. The Foundation will provide feedback to applicants that do not meet the eligibility criteria and allow them to resubmit their applications. The GMC will directly select the winners every quarter on the basis of the Foundation's review and rating criteria outlined in table 4 and discussed in Annex IV. An interview will not be required, although the GMC may choose to interview applicants in some cases.

Grant Application Eligibility Criteria and Rating Factors

The eligibility criteria and the draft rating factors for the Foundation's appraisal and the GMC's review are discussed below. These criteria will be confirmed by the World Bank and the government and also reviewed by NSA representatives.

The Foundation proposes that all NSAC grant applications (for the DM and Small Grants) meet the following ***eligibility criteria***:

- relate to a DFGG focus area;
- present a logical implementation strategy;
- possess sound administration and financial systems;
- are endorsed by a recognized NSA (for small grantees);

- support DFGG project principles on constructive engagement;

In addition, applications through the Development Marketplace mechanism must also:

- outline a framework for constructive dialogue with RGC;
- ability to operate in two or more provinces (for large grantees); and
- entail a partnership with a DFGG SI (in the case of DFGG partnership grants).

The GMC will review the eligible applications on a more technical basis and will rate the applications according an agreed set of factors that will be finalized in consultation with the GMC, World Bank, and MOI. The proposed *rating factors* may include:

- demonstrated commitment to partnership (involving non-state or state actors and including coalition building for large grantees);
- connections to NSA networks;
- commitment to coalition building;
- connections to grassroots organizations;
- commitment to work on social accountability and governance issues;
- experience in and commitment to the promotion of information;
- demonstrated experience with citizen engagement/facilitation skills;
- analytical skills; and
- capacity-building experience.

A discussion of how the rating criteria were selected is included in Annex IV.

Table 3: Eligibility Criteria

(criteria that must be met for application to be considered used in the secretariat’s appraisal)

Eligibility Requirements	Partnership Grants	Thematic Grants		
		Large	Medium	Small
Proposal relates to governance and specifically to a DFGG theme	✓	✓	✓	✓
Logical implementation strategy	✓	✓	✓	✓
Sound administration and financial systems	✓	✓	✓	
Endorsement of organization by a regionally recognized CSO member				✓
Agreement with DFGG project principles on constructive engagement with government	✓	✓	✓	✓
Proposal includes framework for constructive dialogue with RGC	✓	✓		
Ability to operate in two or more provinces		✓		
Proposal entails a partnership with DFGG SI	✓			

Note: = via Development Marketplace = via Small Grants program

Table 4: Rating Criteria (draft; to be finalized after consultation with GMC, once formed)

(weighting criteria scored by GMC in reviewing applications)

Rating Factors	Partnership Grants			Thematic Grants		
	Large	Medium	Small	Large	Medium	Small
1. Demonstrated commitment to partnership (involving non-state or state actors) (relevant to overall component outcome including 1.1, 1.2,1.3)	30	30	30	20	20	20
2. Connections to NSA networks (relevant to indicators 1.1, 2.1-2.5, 3.3).	10	10	20	10	10	
3. Contribution to coalition building (relevant to indicators 2.2, 2.3, 2.3)	10			10		
4. Connections to grassroots organizations (relevant to indicators 2.1, 2.3, 2.4, 2.6).	10	10	10	10	20	30
5. Contribution to social accountability and governance (relevant to overall component outcome)	10	10	20	10	10	30
6. Experience in and contribution to the promotion of information (relevant to all indicators)	10	10	20	10	10	20
7. Demonstrated experience with citizen engagement/facilitation skills (relevant to all indicators)	10	10		10	10	
8. Analytical Skills (relevant to all indicators)	10	10		10	10	
9. Capacity-building experience and design (relevant to result indicator 3)		10		10	10	

Note: = via Development Marketplace = via Small Grants program

VI. PROJECT ACTIVITIES

This section outlines NSAC’s grant strategies and proposed activities during the pre-implementation phase and under the three subcomponents of the project. The NSAC Secretariat will employ a flexible, process-driven management approach, which will allow for several mid-course corrections or adaptations. The M&E strategy, especially the baseline, discussed under subcomponent 3 will also inform future program development and learning. Activities for subcomponents 1 and 2 are combined as they both pertain to grant-making. The implementation timeline is included in Annex VIII.

Pre-implementation Phase Activities

The Asia Foundation will implement four preparatory activities in the pre-implementation phase of NSAC to improve coordination with practitioners working on governance issues, develop a more complete understanding of the range of activities possible under the partnership grants, and prepare the management tools necessary for implementation. The activities will include the following:

Activity 1: Develop Management Tools

In the pre-project implementation period, the Foundation will develop management tools, which include preparation of an operational manual for NSAC (developed in coordination with PECSA). The Foundation will also prepare an implementation plan (by March 2008), final results framework (by February 2008), and a comprehensive M&E strategy (by March 2008).

Activity 2: Undertake consultations with sectors specialists in the five DFGG focus areas and donor agencies

In coordination with the World Bank, the Foundation will undertake consultations with practitioners and donors working in the five DFGG focus areas. The purpose of these consultations will be to brief relevant stakeholders on DFGG, learn about developments in the focus areas, and identify synergies and any pitfalls, especially project duplication. Consultations on public finance and natural resource management were held in December 2007, and the remaining meetings will be scheduled in February and March 2008.

Activity 3: Facilitate Workshop to Identify Areas of Partnership between NSAC and SIs

In coordination with MOI, NSAC will facilitate a 2-day workshop to better identify the potential areas of partnership for NSAC grantees and SIs. In preparation for the meeting, NSAC will review final versions of the state partnership plans and conduct bilateral meetings with the SIs.

Activity 4: Undertake desk study on governance funding in Cambodia

The Foundation will undertake a desk study (April 2008) to determine what governance areas the donors have funded in Cambodia over the last 10 years. By mapping these funding flows, NSAC will be able to better anticipate potential interventions in each of the focus areas.

Activity 5: Undertake study to analyze potential users of NSAC

The Foundation will undertake a study that will map potential users of NSAC grants. This study will employ quantitative and qualitative methods to better understand and identify non-state actors that are most likely to apply for NSAC. This study hopes to answer the following questions: who finances such NSAs at present; what relevant areas of work are they currently engaged in, what areas of work are they currently expanding, and for what areas they might seek funding etc.

The pre-implementation activities are summarized below in Table 1.⁷

Table 5: Summary of Pre-implementation Activities

Subcomponent	Responsible Party	Timeframe	Description
Pre-implementation Activities	The Asia Foundation	February-June 2008	

⁷ The schedule of activities assumes a project start date in August-October 2008. If this timeframe changes, The Asia Foundation will revise the project work plan accordingly in consultation with the World Bank and other stakeholders.

Subcomponent	Responsible Party	Timeframe	Description
Activity 1: Preparation of Operational Manual for NSAC	The Asia Foundation	February-June 2008	This operational manual will be developed by the Foundation and will be drafted before the project appraisal mission.
Activity 2: Undertake consultations with practitioners in the 5 DFGG focus areas	The Asia Foundation	January-March 2008	The Foundation will undertake consultations with practitioners and donor agencies working in the 5 DFGG focus areas.
Activity 3: Workshop to define focus area of partnership grants	The Asia Foundation, Ministry of Interior	April 2008	In partnership with MOI, the Foundation will facilitate a session with SIs to better identify scope of work for partnership grants.
Activity 4: Desk study on governance funding in Cambodia	The Asia Foundation	June-July 2008	The Foundation will undertake a desk study on trends in governance funding in Cambodia.
Activity 5: Study to analyze potential users of NSAC	The Asia Foundation	June-July 2008	The Foundation will undertake a study that will map potential users of NSAC grants.

Subcomponent 1: DFGG Partnership Grants

DFGG Partnership Grants will foster a culture of partnership and model principles of constructive engagement between the four SIs (MONASRI, RNK, Arbitration Council, and MOI’s OWSO), and non-state actors. This partnership will allow NSAs to share their understanding of public opinion and support measures for local government accountability. In turn, the SIs can improve the NSAs’ understanding of public policies and the state’s governance reform agenda. These grants will be processed through the DM and the small grants program.

Up to one-fourth of the grant volume will be allocated for partnership grants. Grants will be available in the following size categories: i.) Small grants up to \$15,000; ii.) Medium-sized grants will range between \$15,000 to \$50,000; and iii.) Large grants will be up to \$150,000. These categories will be flexible and can be adjusted as required during implementation. Ideally, small grants will support pilot demand-based initiatives or be used as a “project preparation facility” to build capacity for larger projects. Medium-sized grants will be used to scale up pilot projects or build capacity among NSAs to implement initiatives that complement government programmes for sharing of information, participatory monitoring techniques, or other approaches that reinforce citizen-feedback loops. Large grants will seek to increase the number of partnership initiatives between NSAs and the four DFGG supported SIs by supporting NSA coalitions and improving instances of government response to citizen’s demand.

Potential grant activities include: i.) Support to develop NSA capacity to engage government, for example by providing funds for the development of human resources, communication facilities, or knowledge of SA approaches; ii.) Support for activities that develop or pilot collaboration between civil society and government that further the DFGG state institution partnerships components, but which are not already budgeted under the DFGG funding intended for those components; and iii.) Support for other activities that are welcomed by the DFGG State Institutions, which go further than the objectives spelled out in their proposals, although remaining directly aligned with DFGG focus areas.

These grants are expected to create a demonstration effect, which other grantees and state institutions will benefit from. In addition, by improving access to information and modeling good communication practices, they will build and emphasize synergies between the two sectors.

Subcomponent 2: Thematic Grants

The Thematic Grants will develop the public's interest and voice in governance issues, promote social accountability innovation, and strengthen governance related networking and associational activity of NSAs in the five priority reform areas of the DFGG project. The grant categories will be the same as subcomponent 1 and will also be distributed according to the same sizes: 1) Piloting Grants- small grants up to \$15,000; 2) Scaling-up Grants - medium grants ranging between \$15,000 and \$50,000, and; 3) Coalition-building Grants - large grants up to \$150,000.

As mentioned above, the Foundation will employ an adaptive management approach and the grant categories and approaches discussed in this section will be adjusted during implementation to address NSA demands and capacity. The small grants will be used to pilot social accountability mechanisms at a grassroots level. To ensure that the grants have cohesion and impact, the medium sized grants will build on the pilots and take successful new and existing approaches to scale; these successes will help to build demand. The medium-sized grants will also build the capacity of provincial-level or sectoral networks, which over time can sustain the DFGG approach. The large grants will be used for extensive coalition-building, linking grassroots and district-level actors to national networks or support organizations in the areas of social accountability and governance reform. These grants are also expected to support horizontal coalitions.

Activities for Subcomponents 1 and 2

Activity 1: Select GMC Members and Provide Ongoing Support to the GMC

1.1 Select GMC Members: The Asia Foundation will work with the PECSA Coordination Unit to facilitate a search committee to nominate the GMC members. The appointment of members will be made by the Deputy Prime Minister, for MOI, and the DFGG Project Task Team Leader, for the World Bank, as advised by the Search Committee. The GMC will also select PECSA grants. The committee will operate by consensus.

1.2 Support GMC Committee: The NSAC secretariat will support the GMC committee members throughout the duration of the project. This includes undertaking appraisals of concept notes and full proposals, organizing the logistics of the GMC meetings and the review process, and liaising between PECSA, government, and the GMC.

Activity 2: Organize and Facilitate the DM

The Development Marketplace, which also serves as a knowledge fair on Social Accountability, is integral to the application process and to promote learning within the project.

2.1 Pilot Development Marketplace: PECSA will pilot the Development Marketplace in coordination with the Foundation between June and September of 2008 to test the Small Grants and the Development Marketplace mechanisms. The pilot will be implemented in particular provinces or sectors as funds and the implementation period are limited.

2.2 Facilitate Development Marketplace: The Foundation will organize and facilitate the first full DM held in Phnom Penh and will provide an opportunity for the government, CSOs, and development practitioners to learn about the proposed NSAC grants. The GMC will use this opportunity to interview the applicants. The Foundation will design appropriate side-events to promote learning about successful social accountability approaches and to encourage networking among NSA professionals.

Activity 3: Facilitate Awareness and Promote Learning

The Foundation will prepare background material and raise awareness of NSAC grants and demand-based approaches.

3.1 Development of outreach material: Prior to grant solicitation, the Foundation will develop an outreach kit including a brochure on the key DFGG focus areas, overall goals of NSAC, grant modalities, and a detailed application guide (with budget template) in Khmer and English. The material will be developed by the Foundation and a communication specialist immediately after project approval, and will be reviewed by NSAs.

3.2 Undertake awareness raising and outreach: A sophisticated and extensive outreach campaign is necessary to raise awareness of DFGG principles and the NSAC grants program, and to build confidence of government and NSAs in social accountability approaches. First, the Foundation will publicize a nation-wide call for entries using in the print media (Khmer and English language papers), paid advertisements (radio and television) and the internet. In addition, the Foundation will organize regional meetings with NSAs to discuss the DFGG focus areas and mechanisms of the DM. These will commence three months after project approval. In addition, the Foundation will meet with key government officials to solicit input and to increase their awareness of NSAC.

3.3 Create a component web-site. The Foundation will also create a website in English and Khmer (in coordination with PECSA and the PCU), which will provide information on DFGG, NSAC grant programs, and resource material on demand-based approaches. This website will be promoted at community information centers (CICs) created through a USAID grant by the Foundation throughout the country. The CIC web portal is one of the largest in Cambodia and is an ideal platform for publicizing the Development Marketplace and ensuring that the widest audience of potential grantees is reached.

3.4 Promote learning during outreach: The project will promote learning about social accountability practices through broad-based community outreach. The Foundation will hold at least two learning and networking opportunities at the midpoint and close of the project. The purpose of these would be to present findings from the annual project evaluations, share experiences of NSAs, and allow state and non-state actors to evaluate development priorities. For all relevant events, the Asia Foundation will facilitate visits by committee members, World Bank staff, NSAs, other Development Marketplace grantees, government officials, journalists and international donors.

3.5 Prepare a biannual newsletter: The Foundation will also prepare a biannual newsletter on NSAC to promote learning on demand-based and social accountability approaches. The newsletter will feature the work of grantees, regional-best practices, and relevant information on the government's governance initiatives. The newsletter will be circulated electronically to state, non-state, and international practitioners.

3.6 Develop local source material on DFGG: Finally, at the completion of the project, The Asia Foundation will develop a resource toolkit on social accountability practices drawing from international best-practices and lessons learned from DFGG. The purpose will be to serve as a guide for NSA and state practitioners for future work in this field.

Activity 4: Facilitate the Application Process

As outlined above, the NSAC secretariat will review all concept notes and applications based on a set of criteria finalized in consultation by development stakeholders and approved by the GMC and World Bank. The Asia Foundation will forward its review to the GMC for consideration who will select and interview finalists. The Foundation will organize an awards ceremony the following day.

4.1 Award grants and issue Letters of Contract: The grants will be announced at a function the day after the Development Marketplace closes (location to be determined) where all stakeholders including government, winners of the DM (and unsuccessful applicants), and prominent citizens will be invited. The Asia Foundation will issue a letter of agreement (LA) to each of the selected organizations. Each letter created on a standard template will be a contract between the grantee and the Foundation and will include a detailed scope of activity based on the application, a reporting and payment schedule, and an implementation schedule. It will also specify that the award is conditional on an adequate fiduciary review.

Activity 5: Perform Due Diligence on all Prospective Grantees

Following the GMC’s selection of Development Marketplace grant recipients, the Foundation’s finance and grants team will perform a financial and administrative review of the grantees, a due diligence exercise, to ensure they are legitimate and have the necessary staffing levels and financial management capabilities to effectively use the proposed grant resources. This is also discussed under the M&E strategy. The Asia Foundation will meet with each potential grantee to review its internal management capability and cost effectiveness of its budget. If the Foundation has concerns about the grantee’s organizational capacity that the applicant is unwilling or unable to resolve, it will advise the GMC, which will decide whether or not to proceed with a grant.

Table 6: Summary of Activities for Subcomponents 1 & 2

Subcomponent	Responsible Party	Timeframe	Description
Activity 1: Select GMC Members and Provide Ongoing Support to the GMC	GMC search committee, DPM and WB TTL the Foundation	Ongoing	The Foundation will facilitate meetings of the search committee that will nominate non-state members of the committee to the World Bank and RGC and provide ongoing support to the GMC during the application process.

Subcomponent	Responsible Party	Timeframe	Description
Activity 1.1 Select GMC Members	GMC search committee, the Foundation DPM and WB-TTL	February–April 2008 June 2008 (to appoint GMC members)	The GMC search committee, facilitated by the Foundation, will recommend potential committee members to MOI and the World Bank based on the eligibility criteria described above.
Activity 1.2 Support GMC; hold GMC meetings every 3 months	the Foundation	Ongoing	The Foundation will provide ongoing logistical and technical support to the GMC.
Activity 2: Organize and Facilitate the DM	PECSA/the Foundation	PECSA	In preparation for DFGG, PECSA will pilot the DM in coordination with the Foundation.
Activity 2.1 Pilot Development Marketplace	PECSA/the Foundation	NSAC June–October 2009 September/October 2008	The Foundation will organize the first DM under NSAC. The Foundation will work with PECSA to coordinate the DM.
Activity 2.2 Facilitate the first DM	the Foundation	Six to nine months after project approval.	Based on lessons learned during the PECSA pilot, the Foundation will organize a DM for NSAC.
Activity 3: Facilitate Awareness and Promote Learning	the Foundation	Approx 2 years later – the 2 nd full DM Begin immediately after project approval and will be ongoing	Again, building on prior experience The Foundation will prepare background material and raise awareness of NSAC grants and demand-based approaches.
3.1 Development of outreach material	The Foundation	Immediately following project approval	The Foundation will develop outreach material in consultation with its CSO partners and a communications consultant.
3.2 Undertake awareness raising and outreach	the Foundation	Ongoing	The Foundation will plan informal and formal outreach and networking opportunities throughout the project.
3.3 Create a web-site for NSAC.	the Foundation	Immediately after project commences	The Foundation will coordinate with the DFGG PCU to form a web-site.
3.4 Promote learning during outreach	The Foundation	Ongoing	The Foundation will plan at least two learning opportunities throughout the project.
3.5 Prepare a biannual newsletter	the Foundation	Every six months	The newsletter will be circulated to all DFGG partners.
3.6 Develop local source material on DFGG	the Foundation	End of Project	The Foundation will publish resource material on social accountability practices.

Subcomponent	Responsible Party	Timeframe	Description
Activity 4: Facilitate the Application Process	the Foundation	Begin 1 month after project approval	The Foundation will manage the overall application process and backstop the GMC.
4.1 Award grants and issue Letters of Agreement	the Foundation	7-8 months after project commences	The contracts will be signed after the due diligence process.
Activity 5: Perform Due Diligence on All Grantees	the Foundation	Due diligence will take place immediately after the grantees have been selected but before LAs are prepared. Inform GMC of any grants not made/suspended due to concerns raised by due diligence process	The Foundation's finance and grants team will conduct due diligence on the grantees to ensure they are legitimate and have the necessary staffing resources and financial management capabilities to effectively use the proposed grant resources.

Subcomponent 3: Capacity Building, M&E and Learning

This subcomponent is aimed at strengthening NSAs' roles in the demand-side of governance by sharing of experiences, training, and other forms of capacity building through grants. These activities expect to encourage interest in and implementation of social accountability approaches. This section will describe the capacity building strategy of NSAC and the M&E processes that will help identify the learning needs of NSAs by documenting lessons learned and monitoring of impacts.

This subcomponent will be developed in consultation with PECSA, which will lead the capacity building initiative during the pre-implementation period and the first year of DFGG. Capacity building will begin under NSAC at the onset of the project during the application process. The Foundation will facilitate NSAs during the application period, provide necessary administration or finance trainings, help grantees develop implementation strategies, and facilitate general learning on the DFGG approach. NSAC will also build the M&E skills of Cambodian organizations by contracting them to implement third-party random monitoring of grant activities and providing the necessary training. These activities are discussed below in detail. At the close of PECSA, the two secretariats will assess the continuing capacity needs of NSAs and suggest appropriate future strategies, in particular whether certain PECSA activities should be continued under the umbrella of NSAC.

Activities for Subcomponent 3

Activity 1: Select and Contract Organizations to Support NSAs during the Application Period

In the first two months of the project, NSAC, in consultation with PECSA, will identify organizations that can provide technical assistance to NSAs during project implementation. If there is high demand for this support (based on the PECSA pilot) regional organizations will be contracted.

Activity 2: Organize and Facilitate Capacity Building for NSAs

2.1 Assist NSAs with strategic planning and developing implementation plans: In partnership with PECSA, the Asia Foundation will convene selected grantees for strategic planning sessions to discuss and define project objectives, policies and procedures, implementation strategies, and monitoring and evaluation techniques. Following the initial strategy session, the Foundation will be responsible for reviewing and approving grantee strategies on a bi-annual basis. Follow-up sessions will be held in conjunction with bi-annual submissions of program reports. These will enable grantees to seek input and guidance from the Foundation, PECSA, and – crucially – from each other; as well as identify opportunities for sharing resources, such as through joint technical assistance and capacity building sessions.

2.2 Throughout the duration of the project, the Foundation will implement learning and knowledge sharing activities. Some of these are discussed under activities of component 1 and 2 and include seminars on demand-based approaches and networking opportunities. These will be supplemented by NSAC’s publications including monthly media alerts, the biannual newsletter, project reports, case-studies, and other documents that will be disseminated widely.

2.3 Facilitate capacity building based on NSAC assessment: At the close of PECSA, NSAC will assess the capacity building needs of NSAs through a consultative process and design the second phase of DFGG capacity building, which will include both organizational and technical aspects. The Asia Foundation can facilitate future delivery of capacity building to NSAs through various mechanisms and levels of support, as appropriate. For example, based on the Foundation’s experience and contacts, the secretariat can identify other trainers and other technical support, identify opportunities for joint trainings or using previously developed materials/methodologies; and deliver trainings and technical expertise to larger organizations, who will in turn conduct large-scale trainings for local CSO partners.

Activity 3: Organize Field Visits

NSAC’s secretariat will serve as mentors for Development Marketplace grantees. The team will visit the larger grantees at least twice a year to provide specialized training and mentoring based on the needs of each partner.

NSAC will monitor the activities of the grantees and assess project impact using the following strategies:

- i.) Baseline survey to assess target values for main NSAC indicators;
- ii.) Pre-grant monitoring or due diligence by the Foundation;
- iii.) Random spot-checking based on a checklist of implementation criteria;
- iv.) Review of quarterly financial and narrative reports;
- v.) Mid-term independent project assessment;
- vi.) End-of-project evaluation based on quantitative and qualitative approaches.

Activity 4: Conduct a Baseline Survey

The Foundation will contract an independent think tank to implement a baseline survey prior to the implementation of the project. Using a randomized survey design, the baseline will determine existing values for key outcome indicators including: 1) Percentage increase in the awareness of disseminated information among relevant stakeholders in the areas covered by awareness and disclosure campaigns; 2) Percentage of relevant stakeholders rating relevant NSA awareness and disclosure campaigns as relevant; 3) Number of disputes and instances of feedback identified and mediated by relevant NSAs, 4) Percentage of disputes and instances of feedback identified and mediated by relevant NSAs supported through the DM that were satisfactorily responded to; 5) Number of public sector institutions monitored through NSA initiatives supported under component 2; 6) Percentage of public sector institutions that use the independent NSA monitoring data to take strategic management and/or corrective actions.

Activity 5: Undertake Due Diligence and Provide Training on Administration and Financial Management

The due diligence process will be the first phase of the Foundation's monitoring and will help to identify training needs, especially related to financial management and administration. The Foundation will help the grantees address any organizational weaknesses identified during this process through trainings and regular follow-up provided by the Foundation's finance and grants department over the course of DFGG. The grantees' progress will be monitored quarterly. This process is also discussed under the activities section of subcomponents 1 and 2.

Activity 6: Random Spot-Check of Grantees

The Foundation in partnership with an independent NSA will monitor implementation of the grantees' projects through a process of random spot-checking. During the grant negotiation period, the Foundation will request an implementation schedule from grantees to schedule these checks (the schedule will be updated monthly). As part of this initiative, the Foundation will build the monitoring and evaluation skills of partner NSAs.

6.1 Develop a scoring instrument: The Foundation will develop a scoring instrument for these spot-checks during the pre-implementation phase that will assess whether grant funds were used for intended purposes, what activities were completed, and how well they were completed. All grants will be spot-checked, but there will be a special focus on recipients of medium and large grants. All data will be entered periodically into a database accessible to the World Bank and the DFGG project team. This spot-checking will be cross-referenced with a careful consideration of the quarterly financial and program reports (reports for small grants will be 6 monthly). If grantees are spread over the country, the Foundation will contract suitable regional organizations to undertake this exercise.

6.2 Build M&E capabilities of Cambodian NSAs: The Foundation will contract independent NSAs to randomly spot-check the work of grantees. In this process, the Foundation will provide training to NSAs in M&E methods such as rapid assessment and basic surveying techniques.

Activity 7: Internal Review of Grantee Reports

The Asia Foundation will review regular narrative and financial reports from all grantees (on a set framework) who will be asked to report on project spending, progress on scheduled activities, including success stories and implementation difficulties. The Foundation will require quarterly

reports from medium and large grantees; smaller grantees will be required to submit an end of project report. These reports will contribute to resource materials on social accountability that the Foundation will develop. Reports to the World Bank and the DFGG project coordination unit will be submitted on a bi-annual basis.

Activity 8: Mid-point and End of Project Independent Assessment of Grantees

NSAC grants and activities will be assessed by an independent think tank at the mid-point and end of the project using quantitative and qualitative methods.

8.1 Mid-Point Assessment: NSAC will contract an independent Cambodian think tank to undertake a survey of the component and assess impact of particular grants. For all relevant projects, but partnership grants in particular, the assessment will survey relevant government officials from the DFGG SIs. This will allow NSAC to fine-tune the grants mechanism, response interventions, and identify the priority development issues and learning needs for the second half of the project.

8.2 End of Project Assessment: This randomized survey will be implemented by an independent Cambodian think tank and managed by the Foundation. The survey will assess key elements of social accountability and will report on the outcome indicators discussed under activity 4.

8.3 Case-Studies: The Foundation will contract individual case studies to an independent think tank that will complement the survey. These case studies will focus on specific SA practices of small grantees and assess what worked well, what did not work well and why and correlate it to the larger policy environment. The Foundation aims to use these case-studies to promote learning across various institutions and stakeholders.
DFGG focus

Table 7: Summary of Capacity Building, M&E and Learning

Subcomponent	Responsible Party	Timeframe	Description
Activity 1: Select and Contract Organizations to Support NSAs during the Application Period	The Foundation	Immediately after project commences.	NSAC, in consultation with PECSA, will identify organizations that can provide technical assistance to NSAs during project implementation.
Activity 2: Organize and Facilitate Capacity Building for NSAs	The Foundation	Ongoing	The Foundation will assist NSAs with strategic planning and developing implementation plans.
2.1 Assist NSAs with strategic planning and developing implementation plans	The Foundation	During due diligence	The Foundation will organize strategic planning sessions for NSAs.
2.2 Facilitate seminars and learning opportunities to improve grantees' knowledge of SA approaches	The Foundation in coordination with PECSA	In years 2 and 3	In consultation with PECSA, the Foundation will organize social accountability learning opportunities.

Subcomponent	Responsible Party	Timeframe	Description
2.3 Facilitate capacity building based on NSAC assessment	After close of PECSA	In year 2	At the close of PECSA, the NSAC and PECSA secretariats will make recommendations on future capacity building initiatives.
Activity 3: Organize Field Visits	The Foundation	Ongoing	The team will visit the larger grantees at least twice a year to provide specialized training and mentoring based on the needs of each partner.
Activity 4: Conduct a Baseline Survey	The Foundation	At the inception of project activity.	The Foundation will assign values for NSAC's major outcome indicators.
Activity 5: Undertake Due Diligence and Provide Training on Administration and Financial Management	The Foundation	Ongoing	The Foundation will undertake due diligence and provide ongoing training to address any organizational weaknesses identified during this process.
Activity 6: Random Spot-Check of Grantees	The Foundation, Independent NSA	2010	The Foundation in partnership with an independent NSA will monitor implementation of the grantees' projects through a process of random spot-checking.
6.1 Develop a scoring instrument	The Foundation	3 months after project commences	The Foundation will develop a scoring instrument and provide relevant training to NSAs.
6.2 Build M&E capabilities of Cambodian NSAs	The Foundation	After LAs have been signed	Throughout NSAC implementation, the Foundation will support M&E capabilities of NSAs.
Activity 7: Internal Review of Grantee Reports	The Foundation	Quarterly	The Asia Foundation will review regular narrative and financial reports from all grantees.
Activity 8 Mid-point and End of Project Independent Assessment	The Foundation	2010 and 2012	An independent think tank will do a mid-point and end of project assessment of NSAC using quantitative and qualitative methods.
8.1 Mid-Point Assessment	The Foundation, independent think tank	2010	
8.2 End of Project Survey of Citizen Attitudes toward Governance	The Foundation, independent think tank	2012	
8.3 Case-Studies	The Foundation, independent think tank	2012	

Table 8: Summary of Evaluation and Learning Tools

Tool/Method	Objective	Frequency
Baseline Survey	The Foundation will facilitate a baseline survey against which future progress and performance will be measured.	Once at the inception of the project
Due Diligence	The due diligence process will be the first phase of monitoring and will help to identify any implementation risks associated with a particular grantee.	Once at the beginning of the project
Random Spot-checking	There will be ongoing monitoring of grantee activities.	Ongoing
Internal review grantee reports	The Asia Foundation will review regular narrative and financial reports from all Development Marketplace partners.	Quarterly
Independent Survey	The Foundation will facilitate a randomized survey at the mid-point end of project to measure project impact.	Mid-point, End of project
Case-studies	To complement survey the surveys, the Foundation will also contract case-studies on social accountability approaches.	End of project

VII. PARTICIPATION AND CONSULTATION PLANS

The Asia Foundation has been working in Cambodia since 1955. Since its founding, the Foundation has worked on expanding public participation and decision-making in governance and providing citizens with the tools that they need to advance their interests. The Foundation has earned a reputation as a valued partner of non-state actors at the national and grassroots levels. To build on the Foundation's work in this area and to develop the partnerships necessary for the successful completion of DFGG, NSAC will develop ongoing partnerships with NSAs, SIs, and PECSA. Specific partnership strategies are discussed below.

Partnerships with Non-State Actors

The Asia Foundation's philosophy on grant management is to work with NSA partners through a consultative approach designed to build consensus and promote learning. To that end, in the pre-implementation phase, as discussed above, the Foundation will design a comprehensive national awareness raising and consultation process to gain feedback on the NSAC priorities and grant mechanisms. NSAs will have the opportunity to provide feedback to the Foundation during the regional and national seminars, through the Foundation's partners who will be based provincially, and electronically.

The Foundation has already begun consulting with NSAs by participating in PECSA's regional consultations and leading interactive sessions on NSAC. This exchange will be on-going through project meetings, field visits, and direct communication. The Foundation is also organizing sectoral consultation sessions with NSAs and donor agencies working in the DFGG focus areas to share information on sectoral developments, build synergies, and avoid pitfalls. The Foundation will use the following strategies in partnering with NSAs:

- *Partner with leading NSA leaders to ensure an independent application process*
The Foundation will work closely with respected Cambodian senior level practitioners, sector specialists, and state officials to select PECSA and NSAC grantees. In addition to overseeing all aspects of grant-making as discussed above, this committee will ensure that grants respond to relevant policy problems, are aligned with DFGG principles and will help mitigate political risks.
- *Emphasize partnerships between NSAs in the selection criteria*
The Foundation will promote cross-learning, networking and capacity building opportunities by emphasizing partnership as a selection criterion for all NSAC grants. These criteria include partnerships between national and grassroots organizations, capacity-building and facilitation skills, and connections to horizontal networks.
- *Partner with Cambodian capacity building organizations to facilitate outreach provide technical support to applicants, and undertake M&E*
NSAC will partner with NSAs to implement its outreach and communications strategy. NSAs will facilitate informal meetings amongst their peers to encourage discussion and interest in demand-based approaches and disseminate NSAC application materials to potential applicants, especially those based in the provinces. NSAC will provide necessary background materials and training on the DFGG approach to these NSAs. In

addition to coordinating regional seminars, these organizations will serve as a resource to applicants during the application process.

NSAC will also partner with Cambodian NSAs for three phases of project monitoring including random spot checking of grantees, bi-annual independent review of grants, and an end of project review. The Foundation will partner with neutral and independent NSAs to randomly spot-check the work of grantees during project implementation. As discussed above, the purpose of this activity is to ensure that work is being implemented as proposed and to build the M&E capabilities of Cambodian NSAs. To supplement the randomized monitoring, the Foundation will contract an independent Cambodian think-tank to survey the grants awarded at the mid-point of the project. Finally, at the end of the project, another think-tank will undertake an end-of-project evaluation.

Partnerships with State Actors

Partnering with government is a central focus of the Foundation's work. Two of the Foundation's recent projects collaborate with the three tiers of government. The business scorecard program, designed to rank business practices on a provincial level, liaises with provincial officials and parliamentarians to address policy issues to strengthen the business environment. CSPPM provides grants that fund partnerships between commune councils and community-based organizations.

Through NSAC, the Foundation will continue working with government to support demand-based approaches. This will entail fostering informal and formal dialogue throughout the project. In addition, the Foundation will coordinate closely with MOI during project implementation to ensure NSAC is aligned with DFGG as a whole. In the pre-implementation phase, the Foundation and MOI will facilitate a workshop to identify precise areas of collaboration between NSAs and SIs. NSAC will also directly consult with the SIs during pre-implementation by sharing relevant project reports and arranging meetings to solicit feedback on NSAC. During project implementation, NSAC will maintain ongoing communication with the SIs, invite them to participate in the DM knowledge fair, and arrange joint-seminars and field visits when necessary.

Partnering with PECSA

As discussed above, NSAC and PECSA have complementary mandates of strengthening the capacity of NSAs to support demand-based approaches. To maximize program synergies, NSAC will coordinate with PECSA to organize the pilot DM. The Foundation will also consult with the PECSA team to design all capacity building activities including the financial and administration capacity building, selection of Cambodian partners to assist during the application review process, and other knowledge-learning events.

Partnership and Coordination with Other Donors

NSAC will coordinate with other donors that are involved in the promotion of good governance and civil society strengthening. In particular, NSAC will harmonize its programs with the United States Agency for International Development funding the Local Administration and Reform Project, the local governance projects of the Australian and Swedish Agencies for International Development, and the governance-related activities of the DFID-DANIDA partnership and

UNDP. To that end, the Foundation attended the first donor roundtable organized by the World Bank in December 2007. The Foundation will continue this outreach during the NSAC's implementation, and will organize formal and informal meetings and field visits when appropriate to apprise other donors of NSAC's progress. This is discussed further under the communication strategy.

Further, many of the NSAC activities will be taking place under similar timetables under the auspices of the Multi-Donor Livelihoods Facility program, the Civil Society & Poor-pro Market Program (CSPPM), implemented by The Asia Foundation; through which the World Bank will accrue major economies of scale and benefits of greater and better qualified audiences for the NSAC activities. NSAC will cultivate program synergies with CSPPM, especially vis-à-vis capacity building and will also learn from its substantial small grant component currently under implementation. Close coordination with the CSPPM team and development of management tools such as a grantee data-base will help avoid duplication.

VIII. COMMUNICATION AND OUTREACH STRATEGY

Under the DFGG project, the Foundation will increase awareness of NSAC's grants program and locally articulated good governance and social accountability principles. Further through informal and formal networking opportunities and discussion, the Foundation will promote constructive engagement between the state and NSAs. NSAC's diverse stakeholders include internal audiences such as the GMC and grantees, and external audiences including other NSAs, partner SIs, other relevant government ministries, and donor agencies. NSAC's overall strategy will be to build broad awareness using print and electronic media and to promote shared learning and local ownership through discussion among NSAC's diverse stakeholders.

Specific objectives of NSAC's communication and outreach strategy include:

- Promoting learning of DFGG and SA approaches among state actors and NSAs;
- Increasing awareness of NSAC's grant program;
- Promoting models of constructive engagement;
- Apprising GMC, World Bank, and SIs on NSAC's progress; and
- Supporting resource mobilization.

The communication and outreach strategies will be designed to meet the objectives of NSAC, and will include the following:

Strategy 1: Develop and maintain an online portal

NSAC's secretariat will maintain a website in Khmer and English linked to the PECSA and DFGG portals. This will be an interactive site that will provide information on opportunities under PECSA and NSAC, an application guide, resources on demand-based approaches, and information on approved NSAC reports and grants. This web-site will be promoted at the community information centers and in the electronic media.

Strategy 2: Develop and distribute publications

The Foundation will develop and disseminate publications related to the program. These include: i.) an application guide; ii.) biannual newsletters; iii.) approved biannual project reports; and iv.) an approved independent grant review.

Strategy 3: Facilitate a print and media campaign

The Foundation will undertake a media campaign to promote NSAC. This will involve public announcements endorsed by a celebrity on radio (possibly through a RNK partnership) and advertisements in the print media. When possible the Foundation will partner with media outlets to implement these campaigns.

Strategy 4: Organize Regional Seminars

During the outreach phase, the Foundation will organize regional seminars on NSAC’s grants program and the DFGG approach. These will mainly target NSAs interested in DFGG, and, as appropriate, government counterparts will also be invited. These sessions will raise awareness and discussion of demand-driven approaches and promote NSAC grants. To organize these events, the Foundation will work with local facilitators who are well-versed in the overall project. These meetings will also allow various NSA actors to meet each other and develop informal networks that will ensure shared learning.

Strategy 5: Leverage DM to increase awareness of DFGG

The DM itself provides an important opportunity to leverage NSAC programs. A key component of the DM is a knowledge fair where NSAC partners (SIs and NSAs) share their experiences and projects related to good governance. This event will encourage dialogue between state and non-state actors facilitated through interactive seminars on aspects of DFGG and displays.

Strategy 6: Institute a culture of ongoing project consultation

Successful implementation of NSAC will require close coordination between PECSA, NSAs, and state actors. To facilitate this, NSAC will institute regular project meetings with state counterparts and grantees throughout the project cycle.

Table 9: Summary of Promotion and Communication Tools

Tool/Method	Frequency
Web-site maintenance	Throughout project implementation. To be contracted to private company.
Publication of NSAC newsletter	Bi-annual
Publication of NSAC independent assessment	Mid-point
Publication of NSAC reports	Bi-annual
Public service Announcements	2009 and 2012 (to coincide with the DM currently scheduled in fall)
Print advertisements	2009 and 2012 (to coincide with the DM currently scheduled in fall)
RNK programming	Throughout project implementation depending on RNK programming schedule
Regional seminars	2009 and 2012 (to coincide with the DM currently scheduled in fall)

Tool/Method	Frequency
DM and related promotionally activity	2009 and 2012 (to coincide with the DM currently scheduled in fall)
Newspaper articles	Regularly through project implementation funding through grants

IX. RISK ASSESSMENT AND MITIGATION

This section discusses risks associated with the implementation of NSAC and appropriate mitigation strategies (see also matrix in Annex 1). NSAC is not a stand alone project; its success depends on the close cooperation and coordination of the government, especially the SIs, interest and technical capacity of NSAs, and the support of a strong GMC. NSAC can address some of these risks, such as capacity of NSAs, through its programming; while other risks are influenced by a diverse set of DFGG stakeholders. This section will suggest strategies and activities to address these risks. The risk mitigation matrix in Annex 1 outlines these risks as well and assesses the magnitude of each based on likelihood and impact. The major risks to NSAC can be categorized as follows:

- i.) Risks associated with the grant-making mechanisms
- ii.) Risks associated with the sustainability of this approach
- iii.) Risks associated with Cambodian NSAs
- iv.) Political risks

11.1 Grant Making Mechanism Risks

The first category of risks pertains to the grant-making mechanism. A lack of integrity or nepotism in the grant-selection process will compromise NSAC as it will impede genuine competition and will reduce the sense of ownership needed for successfully fostering citizen demand. The Foundation will *ensure integrity in the grant-making mechanisms* by implementing the following strategies:

- Well-defined and transparent grants eligibility and rating criteria have been developed in consultation with relevant stakeholders;
- A rigorous and clear M&E framework has been developed that includes a process of due diligence and evaluation by an independent evaluator;
- The Foundation will undertake a transparent, open, and rigorous process to identify and select the members of the GMC who will make the final decisions on all grants. GMC members will be required to sign a code of conduct designed to minimize patronage;
- The open and transparent nature of the DM will reduce the risk of co-optation of the grant selection process;
- A well-defined grievance mechanism will be developed in case there are problems in the grantee selection process;
- A high-level commitment by the Ministry of Interior will ensure independence and integrity of the grant process;
- The Foundation's strong reputation and experience will decrease the possibility of the grant selection process being tainted by bias and favoritism.

Another challenge associated with NSAs is that grants are not utilized for intended purposes, which will undermine overall effectiveness of the NSA component. While there is no

documented evidence of corruption in the non-state sector, corruption in Cambodia overall remains high and anecdotal evidence suggests many NSAs exist in name only. The breadth of NSAC makes M&E a challenge. To ***ensure that the grant funds are used for the intended purpose***, NSAC will undertake the following strategies:

- A due diligence process will be undertaken to determine fiduciary and other implementation risks related to the grantees' projects;
- Grantees will receive capacity building assistance on fiduciary matters to ensure the transparency and accountability of their work;
- The Asia Foundation will conduct its own random audits, will contract an independent NGO to conduct random checks on grant recipients and a Cambodian think tank to undertake a survey of the component and assess grants every 2 years;
- Grantees will be required to submit regular financial and narrative reports to ensure funding has been used for intended purposes;
- Grants will be provided in tranches, so as to decrease the likelihood of misallocation of funds;
- Independent auditors will conduct project level auditing.
- The Foundation will institute a grievance mechanism that will address any issues of malfeasance if they arise.

NSAC faces a moderate risk that there is malfeasance or corruption in the use of grants, which will undermine the credibility of the NSA component and will damage prospects for state and non-state cooperation. To mitigate this risk, the Foundation will undertake the following measures:

- Grants (other than the smallest) will be given in tranches; at the first sign of malpractice, the grant will be terminated;
- Grant agreements will require grantees to return funds used for any other than the intended purpose;
- TAF will have the right to refuse a grant if an applicants administrative and financial systems are not adequate;

Grant recipients that lack legitimacy in not truly representing citizen concern will undermine the effectiveness of the NSA component. The following measures will be undertaken to mitigate this risk:

- Well-defined selection criteria will be used in a rigorous and transparent screening process so as to identify applications for good quality initiatives driven by community interests;
- Highly experienced grant committee members will be selected who can identify initiatives based on real citizen concerns;
- A reliable third party will be required to endorse little known smaller NSAs so as to avoid legitimacy issues;
- The open and transparent nature of the DM will reduce the risk of distortion of the grant selection process;
- A well-defined grievance mechanism will be designed to address problems and complaints in the selection process;
- Well-defined M&E framework and due diligence process will identify any patronage or technical issues with grant selection.

NSAs whose applications are rejected may react by voicing criticism of NSAC that may dissuade other applicants, give NSAC negative press, and mar its public image. The Foundation will address *undue criticism against NSAC* through the following strategies:

- Grantees will receive necessary support during the application process on an equitable basis, ensuring an equal opportunity for all and diminishing criticism once the winners are announced;
- The Foundation will provide grantees feedback on precisely why their application was not selected, so as to lessen their criticisms;
- The Foundation will provide grantees an opportunity to resubmit applications; so as to give them a fair second chance;
- Applicants that are not selected will be direct to PECSA's capacity building program so that they can quickly develop their capacity for the next round of applications;
- The grants process and selection criteria will be vetted with diverse DFGG stakeholders, so as to forestall criticism of the component;
- The grants process to be publicized, as part of the NSA component outreach, to emphasize its independence and create a positive image;
- The PCO of DFGG will have a well-publicized grievance handling role to which applicants can appeal if they are not satisfied with the DFGG Program Coordination Unit so that applicants can appeal decisions made by the GMC.

Risks associated with the sustainability of this approach

The sustainability of DFGG approaches and the DM mechanism is a key concern for the Foundation. The lack of state and non-state actor buy-in, difficulties associated with the mechanism, and limited donor interest may impede the sustainability of DFGG. One potential risk is that grants do not have impact and sustainability because of their one-off nature. Because the grants are demand driven, there are limited tools to assure that each of the grants builds upon the work of the other and supports the overall DFGG principles. This could result in a lack of continuation and a demonstration effect will curtail overall impact of the program. The Foundation will employ the following mitigation strategies:

- The Foundation and its partners will encourage NSAs to submit multiple grants that build on the work of previous ones in order to ensure the sustainability and impact of their initiatives;
- Two-year grants will be employed to build medium-term sustainability;
- Large grants will be employed to support regional coalitions and networking and to build on experience in social accountability and other participatory methods, which, in turn, is expected to contribute to augmentation of the impact of NSA initiatives;
- Outreach and capacity building programs will be used to build awareness about the social accountability approach and publicise lessons of experience, encouraging NSAs to build on success and sustain their work;
- The NSA component and PECSA programs will develop capacity of NSAs to continue their work beyond the project.

There is also a risk that the DM mechanism is not sustainable given its newness in Cambodia. If additional funding cannot be found, grant-making for DFGG will stop after the project. In order to mitigate this risk, the following mitigation strategies will be employed:

- The Bank and the RGC are making long-term commitment to DFGG that are likely to be some follow-up initiatives that build on this work;
- The DFGG project will coordinate and harmonize its activities with other donors working on demand-side of governance to develop synergies, especially with the NGO foundation of DFID/DANIDA;
- TAF will continue grant making beyond the DFGG project and will implement lessons learned in future work;
- Long-term approach to capacity building will be supported throughout the project, encouraging relevant stakeholders to continue investing in DFGG initiatives after the project is finished.

Risks related to Non-State Actors

The third category of risk pertains to NSAs including lack of demand for NSAC grants and absorptive capacity, and insufficient technical knowledge. Limited demand or interest by NSAs may stem from the newness of the demand-based approaches, perceived political risks, and the high time commitment required to participate in the DM. This potential lack of demand will significantly impact the development of demand-sided approaches and impede a competitive grants process. The second risk associated with NSAs, is that the principles of constructive engagement may be viewed by Cambodian NSAs as undermining the independence of the sector.

The Foundation will mitigate risks associated with lack of demand by implementing the following strategies:

- The Foundation will implement a comprehensive outreach strategy in partnership with NSAs that builds on and complementing the work of PECSA;
- NSA component is being preceded by PECSA program specifically meant to build capacity and stimulate demand from NSAs for undertaking DFGG activities;
- Large and medium grants will promote coalition building and networking to promote the spread of proven approaches;
- Develop and fine-tune NSAC's communication and outreach strategies based on the PECSA pilot;
- The application process will be simple and in both Khmer and English to attract a greater number of applicants;
- A broad range of NSAs, not just NGOs and CBOs, will be targeted to ensure a sustained demand for grants.

The non-state actor sector in Cambodia is relatively young. NSAC's grant strategy assumes that there is sufficient absorptive capacity for medium and large-sized grants. Insufficient absorptive capacity may result in fewer SA approaches taken to scale, limited coalition building, and a small or no demonstration effect limiting the impact of NSAC. In addition, project funds will not get utilized and there will be slow disbursement. The Foundation will mitigate the risk of ***limited NSA capacity*** by implementing the following strategies:

- A flexible, adaptive management strategy will be employed so funds can be diverted, if needed, to small grants window or capacity building;
- In each subsequent round of the grant-making process, repeaters will be particularly encouraged (i.e. grants that build on previous grants);

- The Foundation will implement an on-going capacity building program that expands organizational capacity and interest in demand-based approaches in coordination with PECSA and CSPPM;
- Experience will be assessed at three different points in project implementation: (i) after conclusion of the PECSA pilot; (ii) after the first development marketplace (DM)-like event; and (iii) at the project's mid-term review. All three inputs may lead to adjustments in design of the component, .e.g. mechanisms for medium and large grants might be readjusted.

Agreement to the principles of constructive engagement, an eligibility criterion for the grants, may be viewed by Cambodian NSAs as undermining the independence of the sector and may result in criticism of NSAC, discredit the NSA component, and may discourage demand for grants. To *maintain the legitimacy of NSAC*, the Foundation will implement the following strategies:

- The Foundation has designed a strategic outreach to ensure the public understanding of its overall objectives pertaining to constructive engagement;
- The principles that involve NSAs will be drafted and finalized through a consultative process with relevant stakeholders to ensure integrity and legitimacy of the NSA component;
- NSA component will partner with GMC members or other senior NSA leaders to address concerns about the principles of constructive engagement, so as to ensure their broad acceptance within the civil society;
- The application and grants will be designed based on civil society consultations, to ensure NSAs have ownership of the process;
- Smaller and/or less experienced NSAs will be encouraged to submit *joint* applications, so as to avoid misinterpretations of them being manipulated through partnerships with state institutions;
- The independence of the GMC, which is composed mostly of NSA representatives, will be emphasized throughout the process.

Political Risks

The fourth risk category concerns managing expectations of state institutions and any political fall-out that ensues when a NSAC grantee's work does not match the expectations of its state counterparts. The Foundation will play a key role in managing this risk by maintaining regular communication with grantees and state counterparts.

The RGC may seek to exert pressure on grant decisions, which will compromise the independence of the process and undermine the legitimacy of the grants mechanism from the perspective of NSAs. To **mitigate undue pressure**, the Foundation will employ the following strategies:

- The project team has ensured that the RGC agrees to the grant selection criteria prior to the implementation of the project;
- Select senior, highly respected GMC members who can ensure the integrity of the process, will be selected to serve as grant committee members to minimize the RGC's pressure on the grant selection process;

- RGC members on Grant Committee will be asked to routinely explain and defend their decisions to RGC so as to curtail RGC's pressure on the grant selection process;
- NSA component through its IA, the Foundation, will emphasize principles of constructive engagement with grantees and SIs, so RGC does not feel a need to intervene;
- TAF will maintain close contact with SIs and government officials to anticipate any concerns regarding grantee and resolve them early;
- The DFGG project team will call upon MOI to mediate if pressure is coming from another SI;
- TAF will keep the WB abreast of any such concerns, and call upon them to facilitate if necessary.

If there is political fall-out as a result of a grantee's work, the Foundation will employ the following risk mitigation strategies:

- Partnership grants will create a precedent for NSAs working with SIs, which can mitigate risk of political fall-out in the long-term;
- RGC will have an opportunity to provide input on grant selection process and criteria;
- Component 1 and PECSA as well as the grant selection process will promote constructive engagement between SIs and NSAs, so as to prevent confrontations between them;
- A comprehensive media and diplomacy strategy, with high profile spokespeople, will be employed to mitigate political backlash;
- NSA component will convene grievance committee to mitigate backlash if necessary;
- NSA component director will discuss pending concerns in overall DFGG project coordination meetings and solicit intervention, when needed, from MOI and other SIs, ensuring their constant support;
- The Bank will continue to support an enabling environment for constructive engagement between the state and NSAs through planned and ongoing initiatives towards building trust and partnerships between SIs and NSAs.

There is another risk that the component will be used by RGC to exaggerate its commitment to reform. NSAs will be cynical about the purpose of the component and will view the Bank as giving RGC an easy, undeserved façade. Mitigation strategies include:

- NSA component will maximize the independence of the grant process (through GMC and Secretariat) and include a communications strategy to convey frankly any concerns of these stakeholders;
- NSA component will include independent assessments of the process, and the use of the Development Marketplace for stakeholders to put forward their experiences (+ve and -ve), so as to ensure a neutral presentation of the component in the public;
- The project team will meet with other donors to share experience and build synergies regarding demand-side of governance activities, so it remains abreast of all developments in the country;
- A pro-active outreach strategy by the Bank will complement the project communication strategy, balancing off possible RGC's exaggeration about its commitment to reform.

Finally, if RGC's support for this component wavers over time, the RGC will be less receptive of well-constructed cases presented by NSAs and less prepared to build partnerships during implementation. Appropriate mitigation strategies will include:

- The DFGG project team will encourage reformers in government (including RGC representatives on the GMC) to be vocal advocates for DFGG and the benefits it can bring to Cambodian development;
- Support for MBPI will provide a salary incentive for government staff to sustain implementation, and continue supporting DFGG;
- The DFGG project team will ensure, through coordination processes, that a consistent donor message is given to government of the importance of continuing with governance reforms, in particular in promoting greater transparency and enhanced engagement with NSAs;
- The DFGG project will disseminate in Cambodia the positive lessons of experience from countries (especially Asian) where DFGG-type approaches have become widespread to strengthen Government's commitment to DFGG.

X. DETAILED COMPONENT COST ESTIMATES AND FINANCING PLAN

This section will outline potential financing arrangements and detailed costs. The DFGG Financial Management Specialist of the Ministry of Interior has carried out a financial management assessment of the Foundation to determine the Foundation's capacity to undertake project financial management activities. The main conclusions of the assessment were as follows:

- i.) The Foundation has acceptable accounting policies and procedures and a computerized accounting system
- ii.) The Foundation's accounting staff have adequate qualifications and experience
- iii.) The Foundation manages the current funds received from its development partners
- iv.) Budgeting and reporting are in a sufficient detail to monitor the Foundation's activities
- v.) The Foundation's financial statements are audited by independent auditors.

Accounting Policies, Procedures, and Staffing

The operational manual that will be developed by the Foundation during the pre-implementation phase will detail the financial management arrangements necessary for this project consistent with the DFGG guidelines. The Foundation maintains the highest standards of grant management. Since re-opening the Phnom Penh office in 1993, the Foundation has made more than 700 grants to Cambodian civil society organizations, a feat that confirms the soundness of the Foundation's program, financial and grants management systems. The grant transfers would be subject to supervision by government and would cover both the grants and fees for the Foundation.

The Asia Foundation will require all Development Marketplace grantees to apply standard professional financial management rules. All grant funds are kept in a bank account, and disbursed in tranches. For the larger grant category, the Foundation will disburse the funds in 3-4 tranches, but will limit grants under \$15,000 to 1-2 tranches. The Foundation requests quarterly reports for all projects. For projects that are under 6 months, the Foundation will request an end of project report. All grants above \$50,000 will require an independent audit.

Controls and Grantee Audits

The Foundation will carefully review the grantees' policies to ensure compliance with World Bank policies and regulations. In cases where such standards or procedures do not yet exist or are in need of improvement, the Foundation will work collaboratively with Development Marketplace grantees to establish them (taking into account the capacity of the organizations and the size of the grants). The Foundation will provide grantees with an operations manual that will include procurement and financial management policies for subgrants that will be consistent with World Bank policy. This model manual, written in both Khmer and English, will include basic accounting principles (e.g. accrual vs. cash basis accounting, internal protocol, authority for approval, distinctions between expenses and advances); guidelines for source documents and a sample chart of accounts.

Some Development Marketplace grantees will need assistance in supplying donors with required financial information in a timely fashion. Therefore, the Foundation will assist Development Marketplace grantees so that they can learn to produce timely reports on grant expenditures and account balances.

To strengthen grantees in managing accounting functions, The Asia Foundation will provide international standard accounting software to Development Marketplace grantees and will train them in its use. Computerized accounting will enable Development Marketplace grantees to be more efficient by organizing financial information in ways that improve project management and facilitate reporting to The Asia Foundation and the World Bank. The Foundation will help grantees that do not have computerized systems develop alternative accounting policies.

The Foundation has sophisticated and effective systems in place that safeguard donor funds by avoiding loss through poor management or corruption. The grantee agreement or subcontract will carry all information pertaining to the grant or subcontract. It will include the program description, duration of the grant or subcontract, the program budget, budget amount, and installment plan, and reporting requirements. The funds will be disbursed to the grantee organization or subcontractor according to the terms and condition laid down in the agreement. In the case of a grant, the grantee auditor will be in constant contact with the grantee providing advice and guidance on adhering to the terms in the agreement.

Fund Flow and Disbursement Arrangements

The World Bank's financial and procurement specialists have asked the Foundation to work on a reimbursement basis with regular withdrawals based on a minimum value that will be agreed to at appraisal. This will go through the Ministry of Economy and Finance who will be a signatory to the withdrawal application. The Bank's loan department will decide on the merit of the application.

The withdrawal applications will be submitted to the Ministry of Economy and Finance (MEF). MEF will be the signatory to the withdrawal application. However, the signatory to the Statement of Expenditures (SOEs) attached to the withdrawal application will be the Foundation, thereby taking full responsibility and accountability for expenditures listed in the SOE. The role of MEF is to review applications for its completeness, ensure that SOEs are properly filled in and that all supporting documents as required by the Bank are attached. The withdrawal applications will be forwarded to the Bank by MEF. The Bank, on receipt of withdrawal applications, will

review and approve the applications and will request MEF to transfer the approved amount directly to the Foundation's Bank account in Cambodia.

Accounting and Reporting

The Foundation will be responsible for all accounting and reporting activities of the DFGG project. Financial reports will be prepared monthly with comparison of budget and actual expenditures, and a variance analysis. Comprehensive Financial Monitoring Reports will be prepared biannually for submission to IDA.

Internal Control Environment

According to the financial management assessment, the internal control environment is considered adequate. There are clear and established procedures. The finance and grants team closely monitor and approve all transactions. These procedures will be incorporated in the Financial Management Manual.

Audits

The Foundation has well-established financial management, grant-making, evaluation and reporting systems and procedures in place. The Foundation's Internal Auditor works with the San Francisco-based Financial Services unit and field offices to strengthen field office processes and controls. Its internal audit system complements the regular annual financial audit by an independent auditor selected by its Board of Trustees. The independent auditor's report and the complete audited financial statements and accompany footnotes can be downloaded from The Asia Foundation's website (<http://www.asiafoundation.org/About/non-profit.html>).

Risk Analysis

According to the financial management assessment, financial management risks are considered very low given the qualified and experienced financial staff and satisfactory financial management procedures and systems.

Detailed Project Cost Estimates

The Asia Foundation will implement NSAC over four years based on the budget of \$4,500,000 presented below. The budget provides detailed cost estimates on the three subcomponents by year.

Table 10: Project Costs (Years 1-4)

Table 11 Budget Summary

Funding Scenarios

The tables below present three funding scenarios for NSAC grants. In total, the Foundation has allocated \$3.5 million for grants (over four years) or approximately 78 percent of the overall budget. The grants are broken down as follows: \$900,000 for partnership grants (one-fifth of all project funds); \$1.7 million for medium and large Thematic Grants; and \$900,000 for small grants. This allocation may be revised after the pilot DM.

Table 12: Funding Scenario A

Grant Category	Average Grant Size	Number of Grants	Total
Partnership Grants	\$100,000	9	\$900,000
Citizen Action Medium and Large Grants	\$50,000	34	\$1,700,000
Small Grants	\$10,000	91	\$910,000
Total		134	\$3,510,000

Table 13: Funding Scenario B

Grant Category	Average Grant Size	Number of Grants	Total
Partnership Grants	\$150,000	6	\$900,000
Citizen Action Medium and Large Grants	\$100,000	17	\$1,700,000
Small Grants	\$15,000	60	\$900,000
Total		83	\$3,500,000

Table 14: Funding Scenario C

Grant Category	Average Grant Size	Number of Grants	Total
Partnership Grants	\$30,000	20	\$600,000
Citizen Action Medium and Large Grants	\$30,000	50	\$1,500,000
Small Grants	\$8,000	197	\$1,580,000
Total			\$3,680,000

XI. PROCUREMENT

General Guidelines

Procurement for NSAC will be carried out in accordance with the World Bank's Guidelines. The general description of various items under different expenditure categories are described below.

The different procurement methods and consultant selection methods for each contract to be financed by the IDA grant, which includes the estimated costs prior review requirements, and timeframe, will be agreed on between the recipient and the World project team in the Procurement Plan. The Procurement Plan (attached in Annex IX) will be updated annually to reflect the actual project implementation needs.

Procurement of Goods and Services by the Foundation

This component does not entail the procurement of goods or services.

Selection of Service Providers

This component does not entail procurement of services; all services will be provided by Asia Foundation staff.

Procurement Policy for Sub-grantees

In general, very little procurement is anticipated at the sub-grantee level. The Foundation will ensure that procurement policies are suitable for the three categories of grants and are fully consistent with World Bank procurement policies. The Foundation will ensure that the procurement policies are suitable for the three categories of grants. Small grants which are most likely to be awarded to community-based organizations with weaker administrative systems will be asked to follow a simplified version of the Foundation's procurement policy, which is consistent with the World Bank's policy.

Procurement guidelines for smaller grantees

- Procurement of goods or services under \$250 will be subject to best commercial practice.
- Procurement of goods ranging between \$250 and \$5000 will require three written quotes.

Suggested forms for the receiving quotes or for sole sourcing if necessary will be included in the grantees terms of reference.

Procurement guidelines for medium or large grantees

- During the due diligence process, the Foundation will evaluate the procurement policies of the grantees. If they are consistent with the Foundation's and the World Bank's, they will be requested to maintain existing policies. If the sub-grantee's procurement policy is not consistent with the World Bank, they will adopt the Foundation's policy for the implementation of this project.

Training Workshops and Incremental Operating Costs

Consultants for training need not be included in the procurement plan under consulting services. The trainers may be packaged with training workshops and charged against operating costs.

Assessment of the Foundation's Procurement Capacity

Within the Foundation's Administration, there is a procurement officer. As the Foundation has proposed limited procurement, additional resources will not be required.

MEF has contracted an Independent Procurement Agent (IPA) to handle all procurements for WB funded projects. However procurement responsibilities of the Foundation will still involve the preparation and updating of the procurement plans, drafting the technical specifications for the procurement of consultants, and technical input if required during the bid evaluation or evaluation of consultants' proposals, technical inputs if required during contract negotiations.

XII. SUSTAINABILITY ISSUES AND ARRANGEMENTS

The sustainability of DFGG approaches and the DM mechanism is a key concern for the Foundation. The newness of social accountability principles, inexperience of Cambodian NSAs, lack of state and non-state actor buy-in, and limited donor interest may impede the sustainability of DFGG. NSAC's will employ the following strategies to ensure the sustainability of DFGG: i.) design grants to ensure replicability and maximum impact; ii.) develop ongoing, low-cost forums in partnership with relevant stakeholders to sustain learning and capacity building; iii.) build capacity of NSAs, and relevant stakeholders through NSAC; and iv.) brand and promote the concept of the DM.

Strategy 1: NSAC grant mechanism will ensure replicability and maximum impact

The design of NSAC's grants mechanism will ensure pilots are replicable and that future grants build on the successes of previous funding rounds maximizing impact. For example, NSAC will encourage successful NSAC pilots from the first DM to be taken to scale by NSA networks in subsequent rounds by welcoming return applications and supporting longer-term activities through two-year, multiple tranche grants. The two-year grant cycle will allow grantees to build their knowledge of the relevant sector, and the opportunity to strengthen their networks.

Strategy 2: Sustain DFGG approaches by building partnerships and coalitions

NSAC grants will support on-going forums for constructive engagement between state and non-state actors and NSA coalitions, which can be used by other agencies as models of good governance. These on-going forums can also support continuing learning and support for DFGG approaches. In addition, large grants are designed to build the capacity of provincial networks and coalitions. If successful, these networks could continue to support demand-based approaches.

Strategy 3: Build Capacity of NSAs

NSAC and PECSA will build the capacity of NSAs to implement demand-based approaches by promoting learning through targeted outreach and skills development through training workshops. Strategic use of M&E results from NSAC's annual grant review will prioritize the capacity building agenda. NSAC will also support the organizational development of networks and coalitions that can mentor smaller organizations. Finally, NSAC will identify and nurture potential champions of DFGG at grassroots and national levels who can continue to raise awareness of demand-approaches and build capacity of national organizations even after the close of DFGG.

Strategy 4: NSAC will brand the DM in Cambodia and leverage success to fund-raise

NSAC will brand the DM in Cambodia through a variety of promotional activities. A dynamic public image will help to raise future funding. NSAC will also closely coordinate with other major donors in the pre-implementation phase to identify and cultivate synergies with their grant programs.

XIII. MANAGEMENT AND STAFFING PLAN

The Asia Foundation Management Team

The Asia Foundation Management Team will be led by the Foundation's Country Representative for Cambodia, Roderick Brazier and will include a Director of Finance and Administration, and a Grants Officer, Mr. Lim Vichda. The team will provide technical, administrative, financial management, and grants management support to NSAC as needed on a part-time basis. Members of The Asia Foundation Management Team will also provide training and capacity building for NSAC grantees.

Roderick Brazier, Country Representative

Mr. Roderick Brazier was appointed Country Representative to Cambodia in July 2006. As the Country Representative, Mr. Brazier provides overall leadership and manages all aspects of The Asia Foundation's work in Cambodia. Prior to his appointment as Country Representative, Mr. Brazier started with The Asia Foundation as Director of Economic Programs and later Deputy Country Representative in Indonesia, where The Asia Foundation has one of its largest country programs. In these positions, he oversaw multi-million dollar programs in the fields of economic reform, good governance, gender and counter-trafficking, elections, and legal reform. The economic policy reform programs that he designed for Indonesia were the first of their kind, and are now applied across the entire country at various levels of government. Mr. Brazier holds a MA from the Fletcher School of Law and Diplomacy at Tufts University and a BA with honors from Griffith University in Australia. He is fluent in written and spoken forms of Indonesian and speaks basic Khmer.

Lim Vichda, Grants Officer

Mr. Lim Vichda has been a Grants Officer in The Asia Foundation's office in Cambodia for more than ten years. In this position, he is responsible for monitoring grantee financial reporting as well as Asia Foundation compliance with the terms and standard provisions of donor agreements. Mr. Lim also coordinates grant and contract related issues and prepares financial reports and invoices for donors. Mr. Lim earned a Bachelor's Degree in Agriculture from the Chamcar Daung Agricultural Institute. He further developed his skills through the completion of accounting courses at Regent College and the National Institute of Management. He is fluent in Khmer and English.

The Asia Foundation Finance and Grants Management Team

The Management Team will be supported by The Asia Foundation's Finance and Grants management team, which will conduct due diligence on all prospective grantees to ensure that they have sufficient human resources and financial management capabilities to effectively utilize and account for NSAC grants. The Asia Foundation's Cambodia office has a four-person Finance and Grants unit fully trained in accounting, auditing and management. Staff in this unit

will work one-on-one with grantees to: 1) provide high quality guidance and assistance to ensure effective use of DFGG funding, and 2) to take corrective action when problems arise.

NSAC Staffing Plan

In line with Asia Foundation policy and practice, the Foundation will maximize the use of local expertise. The project team will have the full technical backstopping and support from The Asia Foundation's in-country headquarters staff who have successfully undertaken similar programs in Cambodia and other Asian countries. Further, NSAC will benefit from The Foundation's international knowledge base and best practices, especially in the core areas of social accountability. In administering its programs, the Foundation draws on the extensive experience and expertise of its field and headquarters-based staff and their knowledge of local resources, technical specialists, and organizations.

The Asia Foundation's Country Representative will oversee implementation of NSAC. A team comprised of a Program Director and Program Assistant will manage day-to-day implementation of NSAC. The NSAC team will be responsible for project management and will ensure national coordination and implementation of NSAC in accordance with DFGG-defined objectives, strategies, and policies.

The Asia Foundation's ability to accomplish core NSAC tasks requires a highly qualified Program Director with exceptional management skills. The Program Director should have demonstrated experience and skills in project management, change management, financial management, and team management in the context of civil society development, including program management experience in Cambodia. The Program Director will be the main contact point for the grant-making committee, Ministry of Interior, other relevant government ministries, and the World Bank. The Asia Foundation will conduct an international search to select the Program Director of NSAC. The successful candidate will have primary responsibility for designing, managing, and implementing the core activities. A program assistant, yet to be identified, will be recruited to support the NSAC program team.

The Foundation's governance specialists, Mr. Tom Parks and Ms. Mehr Latif based in the region will also provide overall intellectual guidance to the project. Mr. Parks is the Assistant Director for Governance who is responsible for program design and implementation of governance and civil society programs, political analysis of South and Southeast Asian countries, and programmatic support for field offices on governance-related programming. In 2002-2003, Mr. Parks managed the highly-acclaimed Community Information Center (CIC) project in Cambodia that sought to empower poor communities outside Phnom Penh, through access to news and information and the Internet. Mr. Parks speaks Thai and basic Khmer, holds an MA in Southeast Asian Studies and International Economics from the School for Advanced International Studies, Washington DC and BA in Government from Harvard University. Ms. Mehr Latif who has managed the preparatory phase of DFGG for the Foundation specializes in civil society development. She was the Senior Program Officer for Local Governance in the Foundation's Pakistan office and has managed the design of civil society and local government strengthening projects. She holds a M.A. in Public Policy from Johns Hopkins University and a B.A. in Political Science & English Literature from Grinnell College.

XIV. CAPACITY STATEMENT

The Asia Foundation

The Asia Foundation is a non-profit, non-governmental organization committed to the development of a peaceful, prosperous, just, and open Asia-Pacific region. The Foundation supports programs in Asia that help improve governance and law, economic reform and development, women's participation, and international relations. Drawing on 50 years of experience in Asia, the Foundation collaborates with private and public partners to support leadership and institutional development, exchanges, and policy research. With a network of 17 offices and programs in 26 countries throughout Asia, an office in Washington, D.C., and its headquarters in San Francisco, the Foundation addresses these issues on both a country and regional level.

The Foundation collaborates with partners from the public and private sectors to build leadership, improve policy, and strengthen institutions to advance national development and ensure shared peace and prosperity among nations of the Asia-Pacific region. The Foundation's long-term presence in and focus on Asia; extensive networks among governmental officials, civil society, and businesses; and programmatic breadth allow it to respond rapidly to emerging circumstances, conduct in-depth analyses, develop long-term strategies for political, social, economic, and organizational development, and work in countries where official assistance is unavailable or not represented.

The Asia Foundation has a proven track record in managing numerous multi-million dollar, multi-year agreements with *Asian Development Bank*, *World Bank*, *USAID*, *DFID*, *AUSAid*, *CIDA*, and other multilateral and bilateral organizations throughout Asia and has well-established financial management, contract administration, grant making, evaluation, and reporting systems in place. These systems are fully compliant with the regulations of the above-mentioned with multilateral and bilateral assistance organizations.

The Asia Foundation in Cambodia

The Asia Foundation established an office in Phnom Penh in 1955, and apart from an unavoidable absence in the 1970s and 1980s, has been a dedicated and determined supporter of democracy and development in Cambodia. Since re-establishing its office in Phnom Penh in 1993, the Foundation has managed more than \$60 million in donor funds for Cambodia, and made more than 700 separate grants to more than 100 Cambodian organizations. Foundation staff are familiar with the capacities of many implementing organizations and understand the advice and support they require to implement programs.

The primary emphasis over the past nearly 15 years of post-conflict programs has been development of a civil society voice to elicit accountability and better policy from officials at all levels of government. Dozens of civil society organizations have received critical financial and technical support from the Foundation; and some of Cambodia's most prominent and effective NGOs (e.g., LICAHDO, Women's Media Center, Women for Prosperity, Cambodian Institute for Human Rights, the Center for Social Development, Kampuchean Institute for Democracy) can trace their lineage to Foundation grants and technical assistance in the early 1990s. A hallmark of these relationships has been the intense, ongoing support by the Foundation for the institutional development of these organizations. Not only have they all received expert guidance on program implementation, but they have also benefited from close attention to their internal financial

management systems. The Asia Foundation has dedicated finance and grants management staff who travel the country inspecting partners' systems and providing guidance and assistance in cases where these systems require improvements.

Directly relevant to DFGG, these partners help communities to participate effectively in bottom-up planning to and ensure local accountability from elected representatives. The Foundation's extensive experience in rural Cambodia includes programs that have reached the poorest and most remote regions of the country. The Foundation has supported trainings and community meetings attended by millions of Cambodians on the staples of the democratic system: human rights, women's rights, elections, and good governance. Programs have been implemented in every province and almost every district of Cambodia.

The Foundation has supported better governance through social accountability since the first local elections were held in February 2002. Through the Commune Council Support Project, the Foundation assisted commune councils in outreach; increasing citizen understanding and participation in local governance and providing citizens access to information. The Foundation supported the first Citizens Rating Report, a social accounting tool that gauges public views of commune council performance, and provides guidance to the councils as they struggle to clarify their roles. With the Center for Advanced Study, the Foundation designed and funded a survey to assess commune council performance and local dispute resolution. The Foundation also has abiding experience at sub-national levels of government. The Provincial Business Environment Scorecard (PBES) program ranks provincial governments by the "business-friendliness" of policies. This is a powerful social accounting tool which brings public prominence to provincial governments by ranking their performance in creating a nurturing business environment in which small businesses can grow, employ more staff, and reduce poverty. PBES also spurs a desire among local officials to broaden their sources of policy input, creating opportunities for local civil society to offer constructive policy input.

Presently, the Foundation is successfully implementing a massive communications strategy through a large counter-trafficking program (C-TIP). One of The Asia Foundation's key mandates under C-TIP is to facilitate better communication and coordination among the many official and civil society players active in counter-trafficking. To achieve that ambitious goal, the Foundation coordinates communication among 14 Cambodian government ministries and more than 200 local and international NGOs. Again, this network will be an invaluable tool in The Foundation's efforts to publicize the Development Marketplace.

The Asia Foundation's program in Cambodia is one of the largest in the Foundation. In FY 2008, the Cambodia program's total budget is forecast to be just under \$US6 million. The main sources of funding in Cambodia in FY2007 were DFID, Danida, USAID, AusAID, NZAID, the US State Department, the US Department of Labor and numerous private donors. In Cambodia, the Foundation has managed numerous long-term multi-million dollar contracts and grants from bilateral public donors.

In Cambodia, the Foundation manages contracts and grants to organizations in the fields of civil society development, governance, gender and women's participation, economic reform, counter-trafficking in persons, Islam and democracy, and elections. In FY 2006/7 the Foundation's Cambodia office will manage a total of nearly 50 grants to over nearly 20 local and international civil society organizations and government agencies ranging in size from US\$3,000 to over \$700,000.

Annex I: Draft Results Framework Table II

No.	Project Outcome Indicators	Baseline	Target Values				Data Collection and Reporting		
			YR1	YR2	YR3	YR4	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
1	1. Promoting DFGG in priority reform areas. % awareness of disseminated information among relevant stakeholders in areas covered by awareness and disclosure campaigns of relevant NSAs supported by the DM ⁸	N.A.	-	TBD ⁹	10% increase	10% increase	Annual; recorded in Annual Report	Annual NSA progress reports with methodology guidance from TAF M&E unit. Compiled by TAF with possibility of weighting.	NSAs supported through DM
	2	% of relevant stakeholders rating relevant NSA awareness and disclosure campaigns as relevant for their context	To be calculated in YR 1	-	TBD	5% increase	5% increase	As Above	As Above
3	2. Mediating DFGG in priority reform areas. Number of disputes and instances of feedback identified and mediated by relevant NSAs supported through the DM.	To be calculated in YR 1	-	TBD	10% increase	10% increase	Annual; recorded in Annual Report	Annual NSA progress reports with methodology guidance from TAF M&E unit. Compiled by TAF with possibility of weighting.	TAF and NSA grant recipients
	4	% of disputes and instances of feedback identified and mediated by relevant NSAs supported through the DM that were satisfactorily responded to	To be calculated in YR 1	-	3% increase	3% increase	3% increase	As above	NSA recording and reporting to TAF; Compiled by TAF with possibility of weighting.
	3. Responding to DFGG in priority reform areas.								

⁸ The PDO outcome indicators for promotion and monitoring under Component 2 will be tracked for NSAs receiving grants from the Development Marketplace-like competition. For small grants, which are more in the nature of grassroots initiative, outcome monitoring will be done through individual case studies of a random sample of these during the mid-term and end-term evaluations by the independent think tank to be contracted by TAF. If possible, for Yr2 and Yr4 the results from these case studies will be incorporated in the overall outcome indicators for the component.

⁹ As this will be determined through the baseline values.

5									
6									
	4. Monitoring to inform DFGG in priority reform areas:								
7	Number of public sector institutions monitored through NSA initiatives supported under Component 2	To be calculated in YR 1	-	4	8	12	Annual; recorded in Annual Report	From database of grant recipients. Compiled by TAF with possibility of weighting.	TAF
8	Percentage of public sector institutions and activities that use the independent NSA monitoring data to take strategic management and/or corrective actions	To be calculated in YR 1	-	15%	25%	33%	Annual; recorded in Annual Report	From database of grant recipients, who will assess whether corrective actions were taken. ¹⁰ Compiled by TAF with possibility of weighting.	TAF
Intermediate Outcome Indicators									
9	1. Strengthened Capacity and Effectiveness (Average) % of NSAs supported from Component 2 that report a high (based on rating scale) achievement of their capacity targets for undertaking their specific DFGG programs and activities ¹¹	To be calculated in YR 1	-	50%	55%	60%	Annual; recorded in Annual report	Annual NSA self assessment questionnaire with question on progress on the degree to which they have achieved their intended capacity goals. To be reported in NSA annual progress reports and compiled by TAF.	NSAs supported under Component 2 with guidance from TAF.

¹⁰ Additionally, specific case studies will be undertaken as stand-alone exercises in cases where the financial impact of these NSA monitoring initiatives can be assessed.

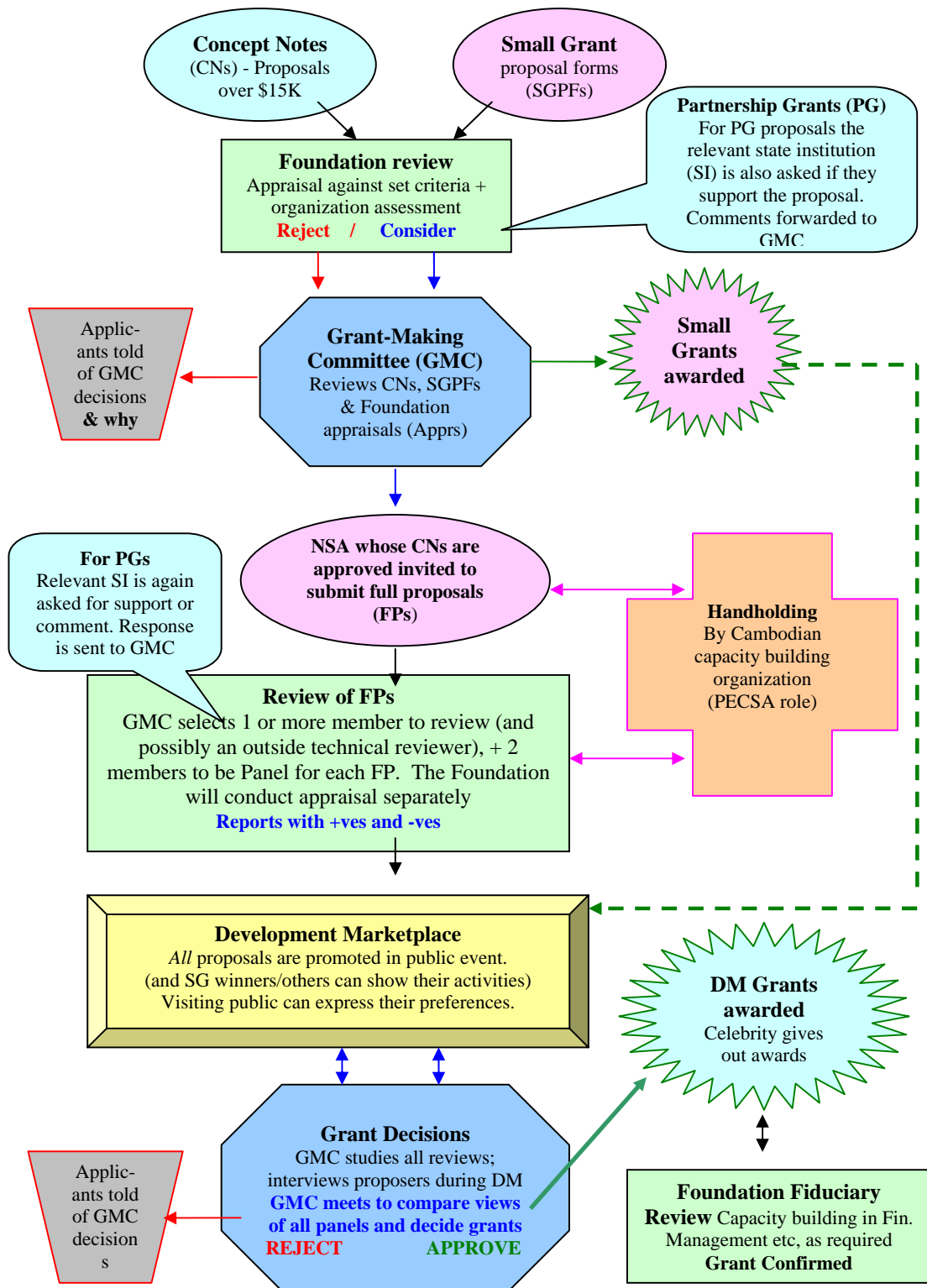
¹¹ Again as the supported programs and activities of NSAs are likely to be quite different the capacity question has to be asked relative to their specific context. The averaging will be a 'simple average'.

10	Expert assessment of % of NSAs supported from Component 2 that have increased awareness and capacity to undertake DFGG programs and activities	To be calculated in YR 2	-	40%	-	50%	Bi-annual; recorded in applicable Annual report	Mid-term and end-term FGDs and KIIs with <u>sample</u> of NSA grantees by independent think tank to assess their capacity and awareness. They will also conduct self assessment questionnaire to check divergence with self reporting.	Independent think tank contracted by TAF
11	(Average) % of NSAs supported from Component 2 that report an a high (based on rating scale) achievement of their grant objectives	To be calculated in YR 1	-	50%	55%	60%	Annual; recorded in Annual report	Annual NSA self assessment questionnaire with question on progress towards achieving grant objectives with reasons. To be reported in NSA annual progress reports and compiled by TAF	NSAs supported under Component 2 with guidance from TAF.
12	Expert assessment of % of NSAs supported from Component 2 who have a high (based on rating scale) achievement of their grant objectives	To be calculated in YR 2	-	40%	-	50%	Bi-annual; recorded in applicable Annual report	Mid-term and end-term FGDs and KIIs with <u>sample</u> of NSA grantees by independent think tank to assess the achievement of their grant objectives. They will also conduct self assessment questionnaire in NSA to check divergence with self reporting and where relevant a survey of target constituencies to be reached by the initiative for obtaining outside stakeholder feedback.	Independent think tank contracted by TAF
2. Supporting State & Non-state partnerships									

14	Number of partnerships between SIs and NSAs established under Component 2	0	TBD	TBD	TBD	TBD	Annual; recorded in Annual Report	Compiled from progress reports of grantees and number of Partnership Grants, validated by TAF and PCO.	TAF
15	% of NSAs responding an increase in trust and quality of partnership between NSAs and government	To be calculated in YR 2	-	30%	-	40%	Bi-annual; recorded in applicable Annual report	Mid-term and end-term FGDs and KIIs with sample of NSA grantees involved in these partnerships by independent think tank	Independent think tank hired by TAF
16	Number of NSAs that (i) express interest, (ii) make a concrete plan, and (iii) take the first steps to enter into new or continue existing partnerships beyond life of project.	To be calculated in YR 4	-	-	-	10	One-off; recorded in Final Completion Report for project	End term survey, FGDs, and KIIs, of SI and NSA management and TAF progress reports	PCO in MOI
17	3. Capturing and Sharing Lessons % of relevant stakeholders (NSAs, donors, etc.) reporting increased awareness and understanding of DFGG principles and approaches ¹²	0	40%	50%	60%	70%	Annual; recorded in Annual Report	Annual informal survey of project stakeholders from SIs and NSAs using simple scoring/rating questionnaire	PCO in MOI through contracted consultants/firm
18	Number of NSAs that (i) express interest, (ii) make a concrete plan, and (iii) take the first steps to undertake new or continue existing DFGG activities beyond the life of the project.	To be calculated in YR 4	-	-	-	Yes	One-off; recorded in Final Completion Report for project	End term survey, FGDs, and KIIs, of NSA management and leadership; IA progress reports	PCO in MOI /TAF??
19	Number of newly created NSA networks, resource centers, or informal coalitions established to share and disseminate lessons of DFGG experience	To be calculated in Yr 1	-	TBD	TBD	TBD	Annual; recorded in Annual Report	TAF subjective assessment	TAF

¹² In the context of NSAC this would refer to concepts of social accountability, DFGG functions, principles of constructive engagement, etc.

Annex II: Figure 2: Flowchart for NSAC and PECSA Grants



Annex III: Table 15 Outline of Application Process for NSAC Grants (DM and Small Grants)

Application Stage	Relevant Grant Category	Description	Responsible Party
1. Preparation of a Concept Note/Simple Application in the case of small grants	All Grants	The applicant will prepare a short concept note (in English or Khmer) based on a template developed by the Foundation.	Applicant (assistance may be provided by an NGO identified and supported by PECSA)
1a. Partnership Grant applicants seek endorsement from relevant SI	Partnership Grants	Small grant applicants will be required to fill in a simple application. The Foundation will forward the concept note to the SI for no-objection.	Applicant, SIs, The Foundation
1b. Consideration of the Concept Note/Simple Application	All CA and Partnership Grants	The Foundation will review all concept notes and small grant applications; those that meet the eligibility criteria will be forwarded to the GMC for consideration. The GMC will consider these and a) approve or reject the small grant proposals, and b) short-list finalists for the DM.	The Foundation, GMC
2. Submission of Full Applications	Medium and Large Grants	After the initial concept note has been approved, applicants for the medium and large grants (Thematic and Partnerships) will be invited to submit a full application based on a template provided by the Foundation.	NSAs
3. Review of applications	Medium and Large Grants	All these finalists will be invited to take part in the DM. The Foundation will appraise the applications based on a set of criteria agreed by WB and MOI and reviewed by the GMC and will send its reviews and any reviews requested from external reviewers to the GMC for consideration.	The Foundation, GMC, technical reviewers
4. DM	Finalists of all grants	All finalists will be required to present their projects at the DM and will be interviewed by designated GMC members. Small grants applicants and past grantees are invited to attend the DM to present their activities, but this is not mandatory. At the close of the 1-day DM event the GMC will meet to consider all proposals and decide to which grants should be awarded. Winners will be selected on the basis of the	The Foundation, GMC

4a. Presentation of Award Letter of Agreement (LA) after the fiduciary review and confirmation

Successful applicants of medium and large grants

reviews (by The Foundation, GMC members and perhaps technical reviewers), interviews and GMC deliberations. Messages will be sent swiftly to successful and unsuccessful applicants. On the day following the DM, a ceremony will be held at which a celebrity will hand out award notices/congratulation messages to the winners. LAs will be negotiated after The Foundation reviews the institutional and financial capacity of all grantees.

The Foundation, GMC

Annex IV: Description of Proposed NSAC Rating Criteria

The proposed rating criteria were identified to ensure that the selection process of the grant-making committee contributes to the major outcome indicators discussed in Section II and listed in table 1. To summarize, Subcomponent 1: DFGG Partnership Grants aims to increase the number of partnership initiatives, the willingness between NSAs and the DFGG SIs to enter into partnerships, and citizen perception of the quality of partnerships. Subcomponent 2: Thematic Grants aims to increase the number of social accountability initiatives at the grassroots and national levels, which will require extensive collaboration with grassroots CBOs and networking with provincial and national NSAs. Subcomponent 3 or Capacity Building, M&E, and Learning aims to increase the knowledge and skills of NSAs related to social accountability, access to knowledge on social accountability, and increase the number of SA practitioners.

The first rating criterion, a commitment to partnership, pertains to all NSAC grants as all three subcomponents involve partnerships of some nature with state institutions or non-state actors.

To successfully build knowledge of SA initiatives and scale up successful pilots through coalition-building, larger grantees will require connections to existing NSA networks and a commitment to coalition-building. These are rating criterion 2 and 3 respectively which pertain to medium and large grants that will support proliferation and implementation of social accountability techniques and capacity building (relevant to indicators 1.1, 2.1-2.5, 3.3). Rating criterion number 4 is having connections to grassroots organizations, which is necessary to implement SA initiatives and associational activity at the grassroots level (relevant to indicators 2.1, 2.3, 2.4, 2.6). This is also necessary to promote increased communication with local government and increased examples of initiatives that monitor government promises (relevant to indicators 2.7, 2.8)

Rating criteria 5 and 6, commitment to governance and social accountability and experience in promotion of information are related. All grantees must address how the application pertains to governance and/or social accountability. Further promotion of information, one element of social accountability, is emphasized because it is integral to the success of the project (relevant to all indicators).

NSAs applying for medium and large grants will also require facilitation skills or prior experience engaging with citizens, rating criteria 7. These skills will be necessary to gain the confidence of state and non-state actors in order build interest and knowledge of SA approaches (relevant to all indicators).

Rating criteria 8, analytical skills are relevant to all indicators, and especially pertinent to subcomponent 3. Finally, experience with capacity-building, rating criteria 9 is necessary to ensure that NSAs have the necessary experience promoting learning and addressing organizational weaknesses (relevant to results indicator 3).

Annex V: Risk Management Matrix for NSAC

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
<i>Risks associated with the grant-making mechanism</i>				
Grant selection process could be seen as tainted by bias and favouritism	A grant selection process that lacks integrity will compromise the NSA component as it will impede genuine competition and will reduce the sense of NSA ownership needed for successfully fostering citizen demand	Consequence (5) x Likelihood (4) = Risk (20) S	<ul style="list-style-type: none"> Well-defined and transparent eligibility and rating criteria have been developed to ensure the rigor and objectiveness of the grant process; Clear and rigorous M&E framework - including independent evaluators and third-party monitors - and careful diligence process have been developed to identify and prevent patronage or bias; Grant Committee members will be chosen through an open, transparent and rigorous selection process; each will be required to sign a code of conduct designed to minimize risk of patronage; The open and transparent nature of the DM will reduce the risk of co-optation of the grant selection process; Well-defined grievance mechanism will be developed to address problems in the grantee selection process; In addition, high-level Min. of Interior commitment will ensure independence and integrity of grant process; Similarly, Asia Foundation's strong reputation and experience in grant-making will significantly decrease the possibility of the grant selection process being seen as tainted by bias and favouritism. 	Consequence (5) x Likelihood (2) = Risk (10) M
Grant funds are not used for intended purposes	Undermine overall effectiveness of NSA component	Consequence (5) x Likelihood (4) = Risk (20) S	<ul style="list-style-type: none"> A due-diligence process will be undertaken to determine fiduciary and other implementation risks related to the grantees' projects; Grantees will receive capacity building assistance on fiduciary matters to ensure the transparency and accountability of their work; Asia Foundation will conduct its own random audits, will contract an independent NGO to conduct random checks on grant recipients and a Cambodian think tank to undertake a survey of the 	Consequence (4) x Likelihood (3) = Risk (12) M

¹³ The intended purpose of presenting risk scores before and after the mitigation measures is to enable the project designers and implementers to assess the effectiveness of the proposed mitigation measures in reducing anticipated risks; and in case that the projected mitigation measures are insufficient, to propose additional strategies.

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			<p>component and assess particular grants every 2 years;</p> <ul style="list-style-type: none"> • Regular financial & narrative reports will be requested from grantees to make sure that funding has been used for intended purposes; • Large grants will be provided in tranches, so as to decrease the likelihood of misallocation of funds; • Project Coordination Office will conduct its own audits (via its Internal Audit Unit) and will establish an accessible grievance mechanism to investigate alleged problems of grant selection or misuse of funds; • Independent auditors will conduct project-level audits; • The Bank itself will conduct more intensive-than-usual supervision; • The Task Team is exploring with RGC voluntary adoption of the Bank's 2006 Anti-Corruption Guidelines. 	
There is malfeasance or corruption in the use of grants	Will undermine credibility of the NSA component and damage prospects for state-NSA cooperation	<p>Consequence (5) x Likelihood (3) = Risk (15) S</p>	<ul style="list-style-type: none"> • Grants (other than the smallest) will be given in tranches; at the first sign of any malpractice, the grant will be terminated; • Grant agreements will require grantees to return funds used for any other than the intended purpose; • The project agreements the Asia Foundation (TAF) will sign with the Bank and RGC will stipulate TAF's responsibility for recovery of inappropriately used grant funds including its own liability to return funds if it inadequately applies its due diligence processes; • TAF will make grants out of its own resources and will claim reimbursement; in the event that TAF has not conducted adequate scrutiny, the Bank will not authorize the reimbursement. <p><i>NB: Experience with grant programs of this nature (Bank and non-Bank) indicates there will always be one or two "bad apples"; these are however very few and it is best to accept this as a small part of the cost of doing business. To design systems that obviate all such risks of malfeasance would result in loss of flexibility and processes</i></p>	<p>Consequence (4) x Likelihood (2) = Risk (8) M</p>

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			<i>that are overly bureaucratic, slow and costly.</i>	
Grant recipients lack legitimacy in not truly representing citizen concerns	Will undermine credibility and effectiveness of NSA component	Consequence (5) x Likelihood (5) = Risk (25) H	<ul style="list-style-type: none"> Well-defined selection criteria will be used in a rigorous and transparent screening process so as to identify applications for good quality initiatives driven by community interests; Select Grant Committee members who are highly experienced in the field, so well able to spot initiatives based on real citizen concerns; A reliable third party will be required to endorse little known, smaller NSAs so as to avoid legitimacy issues; The very open nature of the DM will reduce the risk of distortion of the grant selection process; Well-defined grievance mechanism will be designed to address problems and complaints in the selection process; Well-defined, rigorous M&E framework and due diligence process will identify any patronage or technical issues with grant selection. 	Consequence (5) x Likelihood (3) = Risk (15) M
NSAs whose applications are rejected may criticize NSA component	May discredit the grants mechanism	Consequence (4) x Likelihood (4) = Risk (16) S	<ul style="list-style-type: none"> Grantees will receive necessary support during the application process on an equitable basis, ensuring an equal opportunity for all and diminishing criticism once the winners are announced; Applicants will be given a feedback on precisely why their application was not selected, so as to lessen their criticism; Grantees will be provided an opportunity to revise and resubmit their application so as to give them a fair second chance; Rejectees will be directed to capacity-building program of PECSA, so they can develop their capacity for the next round of applications; The grants process and selection criteria will be vetted with diverse DFGG stakeholders, so as to forestall criticism of the component; The grant process will be publicized, as part of NSA component outreach, to emphasize its independence and create a positive image; 	Consequence (4) x Likelihood (3) = Risk (12) M

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			<ul style="list-style-type: none"> Project Coordination Office will have well-publicized grievance handling role for this (and other project components) to which applicants can appeal if unsatisfied with the application process. 	
<i>Risks associated with the sustainability of this approach</i>				
Grants do not have impact and sustainability because of their one-off nature	Lack of continuation and a demonstration effect will curtail overall impact of the program	Consequence (5) x Likelihood (4) = Risk (20) S	<ul style="list-style-type: none"> NGOs will be encouraged to submit repeater grant proposals that build on the work of previous ones in order to ensure the sustainability and impact of their initiatives; 2-year grants will be employed to build medium term sustainability; Large grants will be used to support regional coalitions and networking and to build on experience in social accountability and other participatory methods, which, in turn, is expected to contribute to augmentation of the impact of NSA initiatives; Outreach/capacity building programs will be used to build awareness of social accountability approaches and share lessons of experience, encouraging NSAs to build on success and sustain their work; NSA component and PECSA programs will develop capacity of NSAs to continue their work beyond the project; Annual Good Governance Forum organized by Project Coordination Office will showcase good examples to motivate others and to increase the ripple effect of the DFGG work. 	Consequence (4) x Likelihood (3) = Risk (12) M
DM mechanism is not sustainable	Grant making for DFGG will stop after the project	Consequence (3) x Likelihood (5) = Risk (15) S	<ul style="list-style-type: none"> The Bank and the RGC are making long-term commitment to DFGG approaches; hence there are likely to be some follow-up initiatives building on this work; The DFGG project will coordinate and harmonize its activities with other donors working on demand-side of governance to develop synergies, especially with the NGO foundation of DFID/DANIDA; Asia Foundation will continue grant making beyond the DFGG project and will implement lessons learned in future work; 	Consequence (3) x Likelihood (3) = Risk (9) M

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			<ul style="list-style-type: none"> • Long-term approach to capacity building will be supported throughout the project, encouraging relevant stakeholders to continue investing in DFGG initiatives after the project is finished. 	
<i>Risks associated with NSAs in Cambodia</i>				
Lack of demand for grants	Project funds will not get utilized and there will be slow disbursement, little contribution of civil society to enhancing governance	Consequence (5) x Likelihood (4) = Risk (20) S	<ul style="list-style-type: none"> • An extensive outreach strategy has been included building on, and complemented by, PECSA that mobilizes existing NGO networks, spurring demand for NSA grants; • NSA component is being preceded by PECSA program specifically meant to build capacity and stimulate demand from NSAs for undertaking DFGG activities; • Large and medium grants will promote coalition building and networking to promote the spread of proven approaches; • The application process will be made simple and in both Khmer and English to attract a greater number of applicants; • A broad range of NSAs, not just NGOs and CBOs, will be targeted to ensure a sustained demand for grants. 	Consequence (4) x Likelihood (2) = Risk (8) M
Lack of absorptive capacity for medium and large grants	Project funds will not get utilized and there will be slow disbursement	Consequence (4) x Likelihood (4) = Risk (16) S	<ul style="list-style-type: none"> • A flexible management strategy will be employed so that funds can be diverted, if needed, to small grants window or capacity building; • In each subsequent round of the grant-making process, repeaters will be particularly encouraged (i.e. grants that build on previous grants), ensuring a greater absorptive capacity for medium and large grants; • Capacity building measures will enhance NGO absorptive capacity; • Experience will be assessed at three different points in project implementation: (i) after conclusion of the PECSA pilot; (ii) after the first development marketplace (DM)-like event; and (iii) at the project's mid-term review. All three inputs may lead to adjustments in design of the component, e.g. mechanisms for medium and large grants might be readjusted. 	Consequence (3) x Likelihood (2) = Risk (6) L

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
The principles of constructive engagement may be viewed by Cambodian NSAs as undermining the independence of the sector	Discredit NSA component and may discourage demand for NSA component grants	Consequence (4) x Likelihood (4) = Risk (16) S	<ul style="list-style-type: none"> • Strategic outreach has been designed to ensure public understanding of the overall objectives pertaining to constructive engagement; • The principles will be drafted and finalized through a consultative process with relevant stakeholders to ensure adequate ownership; • Any concerns about principles of constructive engagement will be discussed with Grant Committee members and other senior NSA leaders, to ensure broad acceptability within civil society; • Smaller and/or less experienced NSAs will be encouraged to submit <i>joint</i> applications, to allow them, collectively, to forge a relationship with state institutions; • The independence of the Grant Committee, composed mostly of NSA representatives, will be emphasized throughout the process. 	Consequence (4) x Likelihood (2) = Risk (8) M
<i>Risk based on the political climate in Cambodia</i>				
RGC exerts pressure on the grant selection process	Will undermine the independence of the process	Consequence (5) x Likelihood (5) = Risk (25) H	<ul style="list-style-type: none"> • The project team has ensured that the RGC agrees to the grant selection criteria prior to the implementation of the project; • Senior, highly respected individuals, who can ensure the integrity of the process, will be selected to serve as Grant Committee members to minimize the RGC's pressure on the grant selection process; • RGC members on Grant Committee will be asked to routinely explain and defend their decisions to RGC so as to curtail RGC's pressure on the grant selection process; • NSA component through its implementing agency, Asia Foundation, will emphasize principles of constructive engagement with grantees and State Institutions, so RGC does not feel a need to intervene; • Asia Foundation will maintain close contact with State Institutions and government officials to anticipate any concerns regarding grantee and resolve them early; • The DFGG project team will call upon Min. of Interior to mediate 	Consequence (5) x Likelihood (4) = Risk (20) S

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			if pressure is coming from another State Institution; <ul style="list-style-type: none"> Asia Foundation will keep the WB abreast of any such concerns, and call upon them to facilitate if necessary. 	
Political fall-out as a result of a grantee's work	Will undermine longer-term partnerships between NSAs and government and synergies between State Institutions and NSAs	Consequence (5) x Likelihood (4) = Risk (20) S	<ul style="list-style-type: none"> Partnership grants will create a precedent for NSAs working with State Institutions, which can mitigate risk of political fall-out in the long-term; RGC will be involved in designing of the grant selection process; Component 1 and PECSA as well as the grant selection process will promote constructive engagement between State Institutions and NSAs, so as to prevent confrontations between them; A comprehensive media and diplomacy strategy, with high profile spokespeople, will be employed to mitigate political backlash; Project Coordination Office will convene a grievance process to mitigate backlash if necessary; NSA component director will discuss pending concerns in overall DFGG project coordination meetings and solicit intervention, when needed, from Min. of Interior and other State Institutions; The Bank will continue to support an enabling environment for constructive engagement between the state and NSAs through planned and ongoing initiatives towards building trust and partnerships between State Institutions and NSAs. 	Consequence (4) x Likelihood (3) = Risk (12) M
Component will be used by RGC to exaggerate its commitment to reform	NSAs will be cynical about the purpose of the component and will view the Bank as giving RGC an easy, undeserved façade	Consequence (4) x Likelihood (4) = Risk (16) S	<ul style="list-style-type: none"> NSA component will maximize the independence of the grant process (through Grant Committee and independent implementing agency) and include a communications strategy to convey frankly any concerns of these stakeholders; NSA component will include independent assessments of the process, and the use of the Development Marketplace for stakeholders to put forward their experiences (+ve and -ve), so as to ensure a neutral presentation of the component in the public; The project team will meet with other donors to share experience and build synergies regarding demand-side of governance 	Consequence (3) x Likelihood (4) = Risk (12) M

Risk Description	Impact	Risk Score without Mitigation ¹³	Mitigation Strategy	Risk Score with Mitigation
			activities, so it remains abreast of all developments in the country; <ul style="list-style-type: none"> • A pro-active outreach strategy by the Bank will complement the project communication strategy, balancing possible RGC exaggeration about its commitment to reform. 	
RGC support for this component waivers over time	RGC will be less receptive of well-constructed cases presented by NSAs and less prepared to build partnerships during implementation	Consequence (5) x Likelihood (5) = Risk (25) H	<ul style="list-style-type: none"> • The DFGG project team will encourage reformers in government (including RGC representatives on the Grant Committee) to be vocal advocates for DFGG and the benefits it can bring to Cambodian development; • Support for Merit-Based Pay Initiative will provide a salary incentive for government staff to sustain implementation, and continue supporting DFGG; • The DFGG project team will ensure, through coordination processes, that a consistent donor message is given to RGC of the importance of continuing with governance reforms, in particular in promoting greater transparency and enhanced engagement with NSAs; • The DFGG project will disseminate in Cambodia the positive lessons of experience from countries (especially Asian) where DFGG-type approaches have become widespread to strengthen Government's commitment to DFGG. 	Consequence (5) x Likelihood (4) = Risk (20) S

NOTE:

Formula for Risk Score: Consequence x Likelihood = Magnitude of Risk

Consequence: 5=very serious, 4=serious, 3=moderate, 2=minor, 1=insignificant

Likelihood: 5=very high, 4=high 3=medium, 2=low, 1=very low

Magnitude Rating: 6 or less is low risk (L), 8 – 12 is moderate risk (M) and 14 – 20 is high risk (H), and any score above 20 is a top risk (T) requiring immediate attention.

Annex VI: Good Governance Framework for The Asia Foundation¹⁴

Elements 1-8 apply to all Project components except where modified under Element 9.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
1	Element 1: Procurement			
1a	Reduce potential irregularities.	<p>Unless otherwise agreed between the RGC and the IDA, the RGC shall use the services of an International Procurement Agent (IPA) engaged by MEF under TOR satisfactory to IDA for all procurement under all components of the Project, with the following exceptions, which shall be carried out by the respective component IA:</p> <p>1. procurement under all components (i) through direct contracting, (ii) from UN agencies, (iii) by single source, and (iv) by sole source selection; and</p> <p>2. procurement financed by sources other than IDA, including RGC and all bilateral donors.</p> <p>For procurement undertaken by the IPA, each component IA shall prepare technical specifications for goods and works and TOR for consultants and hand over to the IPA, who shall prepare bidding documents and RFPs, call and evaluate bids and recommend award, all in accordance with the WB's Procurement and Consultant Guidelines and the Procurement Provisions of the Financing Agreement, including the use under NCB and Shopping methods</p>	<p>MEF – IPA commenced work. in December 2007.</p> <p>Component IAs.</p> <p>Component IAs.</p> <p>Component IAs.</p> <p>Included in IPA's TOR.</p>	<p>All component IAs to agree IPA's role by negotiations. To be reflected in the Grant Agreement.</p> <p>IDA to monitor through supervision missions and prior and post reviews.</p> <p>IDA to monitor through supervision missions and prior and post reviews.</p> <p>IDA to monitor through supervision missions and prior and post reviews.</p> <p>Supervision of IPA by the RGC's Inter-Ministerial Procurement Committee (IPC). IDA monitoring of IPA's work through quarterly review meetings and prior and</p>

¹⁴ All abbreviations used in the GGF are recorded at the end of the matrix.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
		of the RGC's Externally Assisted Procurement Manual for Goods, Works and Services (SOP/PM), mandated by MEF Sub-Decree No. 14 dated February 26, 2007.		post reviews.
1b	Ensure adequate procurement capacity of each component IA.	IDA has reviewed the procurement capacity of each IA and action plans are developed to address capacity issues.	Component IAs with IDA NOL (see IA-specific GGFs).	Agree action plans at appraisal. Implementation of action plans including recruitment of staff by advance action, with staff in place at project commencement.
1c	Avoid risk of inadequate or delayed Procurement Plans.	Each IA to prepare realistic annual Procurement Plan based on its Annual Work Plan and Budget. Procurement Plans for the first eighteen months of project implementation have already been developed.	Component IAs with IDA NOL (see IA-specific GGFs). PCO to coordinate.	Agree first 18-month Plan at appraisal. PCO to submit preliminary updated estimates to MEF and IDA annually in June (for MEF budget estimates), preliminary updated plans by September, and final updated plan by December.
1d	Informal payments by contractors, suppliers and consultants.	All contractors, suppliers and consultants – firms or individuals, national and international – bidding for contracts under the project shall sign the Declaration on Ethical Conduct and Fraud and Corruption in the SOP/PM. Amend item 5 of the Declaration to read: “In connection with this procurement exercise and any contract that is awarded to us as a result thereof, no payments have been made or will be made by us, our associates, agents, shareholders, partners or their relatives or associates to any of the staff, associates, consultants, employees or relatives of such who are involved with the procurement process, contract implementation, and the issuance of progress payments on behalf of the purchaser,	IPA through MEF instruction.	PCO to monitor. IDA to verify through prior and post reviews.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
		client or employer.” Amended Declaration to be included in all bidding documents, requests for proposals (RFPs), and contracts.		
2	Element 2: Financial Management			
2a	Strengthen internal controls.	All component IAs to follow SOP/FMM procedures, mandated by Sub-Decree No. 14 dated February 26, 2007, supplemented by a project-specific Financial Management and Disbursement Manual (FMDM) currently at draft stage.	PCO to complete FMDM acceptable to DFGG Project Coordinator and obtain IDA NOL. Each component IA Chief Financial Officers to ensure compliance.	Draft FMDM agreed by negotiations and final version to be completed during DFGG pre-implementation stage. ¹⁵ Reflect use of SOP/FMM and FMDM in Grant agreement. IDA to verify compliance during supervision missions. PCO Internal Audit Unit to carry out spot checks on compliance.
2b	Strengthen financial management capacity.	PCO will recruit a qualified accountant as Financial Management Adviser for the whole Project, and a Project Accountant and two accounting officers for duties within the PCO, all under TOR acceptable to the IDA. Each IA to implement the detailed action plans (including training and recruitment of staff) which have been developed to address issues identified through the financial management capacity assessment carried out during project preparation.	PCO with IDA NOL. See component specific GGFs.	Agree TOR at appraisal. Recruit by October 2008.
2c	Ensure uniform Project	PCO will ensure that each component IA establishes	PCO with IDA NOL.	Agree proprietary package by

¹⁵ The DFGG pre-implementation stage is currently scheduled to run from May to December 2008.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
	accounting and readiness of proprietary software.	a uniform Project accounting system with a common chart of accounts, using a proprietary software package satisfactory to the IDA.		October 2008. PCO to install by effectiveness. IDA to monitor correct use during FM supervision missions.
2d	Ensure comprehensive FM reporting.	All component IAs will utilize a template for interim FM reporting which has been developed and will be agreed. Reports to be submitted to IDA quarterly not more than 45 days after the end of the reporting period.	PCO and all component IAs.	Agree template by negotiations. PCO to monitor FM reports by component IAs for compliance with agreed template and submission deadlines..
2e	Ensure effective internal audit in all component IAs.	An Internal Audit Unit comprising an experienced internal auditor and two assistants will be established in the PCO and be responsible for internal audit of all Project components, including the provincial activities of component IAs.	PCO will prepare TOR for Internal Audit Unit with IDA NOL. PCO will recruit auditors.	TOR to be agreed by October 2008. Auditors in place by January 2009.
2f	Annual external audit of whole Project.	An independent auditor acceptable to IDA will be appointed to carry out an annual audit of project financial statements and effectiveness of internal controls, in accordance with TOR satisfactory to IDA.	PCO to prepare TOR and obtain IDA NOL. IPA to recruit external auditor.	Agree TOR by June 2009. Appointment in time for first annual audit, first quarter 2010.
2g	Minimize cash transactions.	All progress payments to contractors, suppliers and consultants – firms, individuals, national and international – to be made by check or transfer to bank accounts. Retain evidence for audit and IDA supervision missions. Petty cash transactions to be limited to amounts less than US\$500 equivalent.	Each component IA Chief Financial Officer.	PCO to monitor all other component agencies and report quarterly to MOI. IDA to monitor during supervision missions.
2h	Avoid inconsistency in allowances paid to Government staff attending training,	Adopt MEF Decision Letter No. 2000 of April 23, 2007, for DSA rates for in-country travel. For international travel, some of the DSA rates specified in Anukret 10 of April 12, 2004 are position-based	MEF/IDA to discuss and agree standard DSA for international travel, after which MEF to advise MOI.	International DSA rates to be agreed by October 2008. Until then, IAs may use IDA rates for overseas travel. IDA to monitor

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
	workshops and study tours	and/or higher than UN norms and are not acceptable to IDA for application on IDA-financed projects.	PCO to ensure compliance of all component IAs.	SOEs with withdrawal applications.
2i	Planning of training, workshops and study tours.	<p>Each component IA will establish an Annual Training and Workshop Plan in accordance with its approved Project Proposal. The Plan should include:</p> <ol style="list-style-type: none"> 1. Detailed costs estimates. 2. Eligibility rules for attending training, workshops and study tours. Attendees must: <ul style="list-style-type: none"> • be engaged in work relevant to the training; • be competent in the language used; • after return, report on and share their experiences for the benefit of the project. 3. Evidence that training, workshops, study tours and other similar activities: <ul style="list-style-type: none"> • are in line with project aims and objectives • meet identified needs within the sub-component plans • have budget in line with planned expenditure. <p>Cost guidelines to be established for selected training/workshop activities:</p> <ul style="list-style-type: none"> • venue rental with refreshments/meals • sound and projection equipment hire • stationery/hand-outs • project-specific training and workshop materials • simultaneous translators • photocopying, reproduction, translation <p>Define evidence to be submitted by attendees for</p>	<p>The PCO will coordinate component IA Plans and submit to IDA for NOL.</p> <p>PCO and project agencies to follow Working Group guidelines when issued (see below).</p> <p>Working Group comprising MEF, IAs of all projects and IDA.</p>	<p>NOL in March and submission to MEF in June (for MEF initial round of budget submissions).</p> <p>IDA to verify through its membership of Working Group.</p> <p>Establish Working group by August 2008. Agree guidelines and issue directive to all IDA-funded projects by end-December 2008.</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
		reimbursement of expenses which may include: <ul style="list-style-type: none"> • proof of attendance for period claimed with signed statement by the workshop, training or study tour organizer or host; • proof of travel by air – ticket stubs, travel agent’s receipt, airline boarding passes • receipted hotel bills (for proof of stay); • receipts for incidental traveling expenses; • receipted invoices for venue rental, food and beverage, sound/projection equipment, hire of simultaneous translator, stationery and handouts, use of photocopying facilities. Reimburse against receipts except where covered by fixed allowances in MEF’s letter No. 2000. Evidence of payment to be kept for attendees’ per diem and allowances.	Working Group to define evidence and include in directive. PCO to ensure compliance of component IAs. Each component IA Chief Financial Officer.	Directive issued by December 2008. IDA to monitor SOEs with withdrawal applications. PCO to monitor compliance. IDA to monitor SOEs with withdrawal applications and verify during supervision missions.
2j	Avoid delayed or non-existent reconciliation of advances for operating costs and expenses.	Each component IA will maintain an advance register, vehicle logbook and fuel register. Advances for operating costs and expenses to offices, individuals or groups involved in project activities to be reconciled within two weeks of the end of each month. No further advance to be paid to an office, individual or group until its previous advance is reconciled and cleared against documentary evidence.	Each component IA Chief Financial Officer.	PCO to monitor compliance. IDA to verify during supervision missions.
2k	Adoption of the MBPI for State implemented components.	MEF and MOI agree that the State component IAs will adopt the MBPI of the Government’s Public Financial Management Reform Program. The MBPI will be implemented strictly according to an MBPI Manual to be prepared for the Project.	PCO to complete the MBPI Manual, including cost sharing basis, for MEF and IDA approval.	Manual and cost sharing to be approved during negotiations. PCO to monitor application
3	Element 3 : Disclosure			

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
3a	Minimize conflict of interest among project staff.	Project staff to disclose private and public affiliations or personal interest before becoming involved in any project-related transaction or contract award decision.	Project managers of all component IAs to ask for and retain written disclosure.	PCO to monitor. IDA to verify during supervision missions.
3b	Enhance transparency through greater public disclosure of project information.	<p>Component IAs to disclose information on their individual websites in accordance with guidelines set forth in their Communications Plans, with hard copies available at component IA offices for public inspection on request. As a minimum, disclosed information is expected to include:</p> <ul style="list-style-type: none"> • project name, objectives, original and revised amount, sources of funding, effectiveness date, original closing date, revised closing date, number of extensions, name and address of implementing agency, name of Project Director with contact information, name of WB TTL and contact information in the MEF-WB unit and WB Office in Cambodia • IA project proposals agreed at appraisal • Annual Work Program and Procurement Plan, identifying contracts to be procured in next 12 months, nature of each contract, location, method of procurement, means of advertisement, bidding period, location where bidding documents and RFPs can be inspected, expected date of availability, and cost of bidding documents • consultant long and short lists • bidding documents and RFP's to be available for inspection • bid closing dates, names of bidders and their bid prices at opening • list and details of contracts awarded, names of 	<p>PCO to coordinate lists of information to be disclosed by each component IA and agree with IDA.</p> <p>Each component IA responsible for disclosure of information concerning its component. IPA will disclose procurement information.</p>	<p>By Negotiations. PCO to monitor progress during reviews.</p> <p>Biannually. PCO to monitor compliance and IDA to verify during supervision missions.</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
		<p>losing bidders and, if their bid prices were lower than the winning bidder, the reason for their rejection</p> <ul style="list-style-type: none"> • project progress reports, detailing project components, percentage completion, data on performance indicators, and planned and actual disbursements by sub-component • annual financial statements and audit opinion • other specific reports prepared by the project • complaints and remedies and mechanism • code of ethical conduct 		
3c	Enhance Project visibility through the media.	<p>PCO will establish the Learning and Communications Working Group to advise on learning, dissemination and communication activities for the Project.</p> <p>Component IAs and the PCO to implement the project's Communications Strategy so as to raise public awareness on governance issues, report on Project activities, help protect reform leaders and their civil society partners from reprisals and backlash, and manage negative publicity and scandals.</p>	<p>PCO.</p> <p>Component IAs and the PCO.</p>	<p>Learning and Communications Working Group established during DFGG pre-implementation stage.</p> <p>Continuously after Project commencement. PCO to monitor progress. IDA to verify implementation during supervision missions.</p>
4	Element 4: Civil Society Role			
4a	Greater involvement with CSOs.	<p>All component IAs to implement their Partnership Plans included in the PIM, which will include the involvement of CSO(s) in selected aspects of project implementation and invitation to observe selected events.</p> <p>All major CSO involvement to be recorded in Project progress reports.</p>	<p>PIM to be cleared by MOI and subject to NOL from IDA.</p> <p>PCO to coordinate with all State component IAs on reporting.</p>	<p>Agree PIM during DFGG pre-implementation stage.</p> <p>PCO to monitor CSO involvement in State components. IDA to verify during supervision missions.</p>

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
5	Element 5: Complaints (Grievances) and Remedies Mechanism			
5a	Introduce a formal complaints/grievances and remedies mechanism covering all components of the project.	The PIM will include a project-wide complaints and remedies mechanism for all components, including sub-procedures specific to particular components as necessary. Complaints procedures regarding procurement to follow process set out in SOP/PM	PCO with IDA NOL to PIM. IPA/PCO.	Agree PIM during DFGG pre-implementation stage. PCO to monitor adoption of complaints and remedies mechanism. IDA to verify during supervision missions. IDA to monitor during prior or post reviews.
5b	Support the formal complaints mechanism with establishment of help lines and feedback channels.	PCO will establish informal advice- and information-giving mechanisms, as well as consultative meetings, dialogues and workshops, allowing for informal feedback to be provided, in a format and manner appropriate to the needs of the broad stakeholder of Project initiatives (especially those potentially affected by the project's initiatives).	PCO in consultation with component IAs to prepare mechanisms and include in the PIM.	Agree PIM during DFGG pre-implementation stage. PCO to monitor usage of help line and feedback channels. IDA to verify adoption during supervision missions.
6	Element 6: Code of Ethical Conduct			
6a	No overall Code of Conduct for civil servants. ¹⁶	Each component IA to design Code for its project staff, including contracted staff, to sign individually. Government agencies may incorporate material from the Civil Service Statute of 1994.	Each component IA to design its Code.	Design and furnish copies to IDA during DFGG pre-implementation stage. PCO to monitor adoption. IDA to verify adoption during supervision missions.
7	Element 7: Sanctions			
7a	Reinforce Code of Conduct with sanctions for fraudulent and corrupt activity by staff of project agencies,	Each component IA to identify and apply to project staff sanctions available under current law of Cambodia and its own regulations. Sanctions against contractors, suppliers and consultants will be those defined in Section 3 of the SOP/PM.	Each component IA to identify and disseminate with Code of Ethical Conduct.	Define and furnish copy to IDA during DFGG pre-implementation stage. PCO to monitor application and IDA to verify during supervision missions.

¹⁶ See draft generic Code of Conduct as Attachment A to this Annex.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
	contractors, suppliers and consultants.	IDA to apply sanctions available in its general and project-specific legal agreements, including the WB Group's Anti-Corruption Guidelines (ACG) and Sanctions Regime introduced in October 2006 and as may be updated subsequently.	IDA to provide copies of its ACG and Sanctions Regime to PCO and all IAs.	Copy of ACG and Sanctions Regime provided to PCO during appraisal. IDA may apply sanctions whenever evidence is found.
8	Element 8: Project Specific Elements			
8a	Verification and technical audit to prevent capture of Project resources for non-intended recipients or for personal benefit of individuals or groups with vested interests.	The PCO will recruit a team of independent technical audit consultants, both international and national, to carry out intermittent audit of all activities of the Project. The focus will be on due diligence to verify that goods, works and services being financed by the IDA Grant are in place in the specified quantity and acceptable quality, counterpart resources are in place, and that outputs of all activities are in line with Project design.	PCO will prepare TOR and obtain IDA NOL. IPA will recruit the technical audit consultants with IDA NOL during recruitment process.	During DFGG pre-implementation stage. Consultants in place by June 2009.
8b	Use the GGF as a management tool with regular reviews and updates by mutual agreement.	PCO with senior management of component IAs to conduct quarterly reviews of the GGF and any other fiduciary risks, identify early warning signs and mitigation measures, and propose updates of the GGF as necessary for the IDA's consideration, to ensure that effective and adequate controls are in place. The PCO, with assistance from the Project Preparation Team will design and deliver training in risk management and anti-corruption, through workshops for all Project staff of all levels in component IAs financed under the supplemental PPF.	PCO and all IAs. PCO and Project Preparation Team with IDA guidance and overview.	PCO to report to the Government's ACWG and IDA within two weeks of each quarterly review. Training workshops to take place during DFGG pre-implementation stage when IA implementation teams are in place.
8c	Promote synergy, cross-learning and constructive	PCO to arrange quarterly workshops among component IAs to share experience of problems encountered by them, and effectiveness of solutions	PCO and all component IAs.	Quarterly. PCO to report on workshops to MOI and all component IAs, with copy to IDA,

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
	competition among components of the Project.	applied. The workshops would also enhance healthy competition among IAs in promoting effective project management and innovation in good governance.		not later than two weeks after each workshop.
8d	Strengthen oversight, monitoring and feedback on Project initiatives through demand-side social accountability.	Supplement the enhanced CSO role (item 4a) by engaging citizens and the media to monitor and provide feedback on the outputs and outcomes of project activities and organizing internships, dialogue, training workshops and focus events to reach out to NGOs, CSOs and other civic groups to publicize the Project's work. An example would be to organize a high profile nation-wide essay contest and art competition for youths on International Anti-Corruption Day (December 9) to solicit vision and ideas for the future.	All IAs to organize working groups and design activity plans, with PCO coordination. All IAs to organize dialogue, training workshops and focus events, with PCO coordination.	IAs to draft plans during DFGG pre-implementation stage. PCO to furnish copies to IDA. PCO to monitor implementation. IAs to draft plans during DFGG pre-implementation stage. PCO to furnish copies to IDA. PCO to monitor implementation.
9	Element 9: TAF Specific Issues			
9a	<u>Procurement Responsibilities of TAF</u> Clarification of item 1a	Subject to the concurrence of MEF, all procurement under Component 2 of the project will be carried out by TAF and, as appropriate, the recipients of sub-grants made by TAF. Procurement will be undertaken in accordance with the Bank's Procurement and Consultant Guidelines and the Procurement Provisions of the Financing Agreement, including the use under NCB and Shopping methods of the RGC's Externally Assisted Procurement Manual for Goods, Works and Services (SOP/PM), mandated by MEF Sub-Decree No. 14 dated February 26, 2007.	TAF.	MEF concurrence by negotiations. PCO oversight. IDA to monitor through prior or post procurement reviews.
9b	<u>Procurement Capacity</u> Clarification of item 1b	TAF will engage two individual procurement consultants experienced in Bank procurement procedures assigned or engaged, for the purpose of guiding and assisting the recipients of the sub-grants in carrying out their procurement and also to assist	TAF.	Consultants to be in place by one month after effectiveness. PCO to monitor with IDA overview during supervision missions.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
		TAF in carrying out its own procurement of consultant services.		
9c	<u>Procurement by Grantees</u> Procedures to be satisfactory to the IDA	To supplement the action required under item 9a, further detailed procedures for procurement by grantees will be described in the NSAC Operations Manual, satisfactory to the IDA. TAF will provide a Sub-grant Implementation Manual to each grantee that will include details of procurement procedures.	TAF to prepare the NSAC Operations Manual. TAF.	NSAC draft Operations Manual acceptable to IDA and cleared by the DFGG Project Coordinator to be prepared by negotiations. On award of each grant. TAF to monitor adoption by grantees.
9d	<u>Financial Management</u> Clarification of item 2a	Working within the framework of the provisions of the Financing Agreement and the RGC's Externally Assisted Financial Management Manual (SOP/FMM), TAF will apply its own detailed financial management procedures described in the NSAC Operations Manual, satisfactory to the IDA. IDA FM staff will provide training to TAF financial management staff if requested.	TAF. TAF/IDA.	PCO to monitor. IDA will verify during FM supervision missions. Upon request.
9e	<u>Financial Management</u> Internal audit – clarification of item 2e	TAF will itself undertake random internal audits of sub-grant activities in accordance with procedures specified in the NASC Operations Manual, satisfactory to the IDA, and provide to the PCO a copy of each internal audit report and action plan on its findings.	TAF.	PCO to monitor from internal audit reports provided by TAF.
9f	<u>Financial Management</u> Training Plans – clarification of item 2i	Training by TAF will be needs based, depending on activities under the sub-grant, and cannot be predicted in advance. TAF will not produce an Annual Training and Workshop Plan but, when the need for training associated with a sub-grant is identified, will prepare and submit to the PCO and the WB a detailed plan for each training activity.	TAF, with IDA NOL to each detailed plan.	Submit to PCO and WB at least one month before each training activity is proposed to commence.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
9g	<u>Financial Management</u> Disbursement of grants.	TAF will contract a reputed local legal or accounting firm to disburse funds on its behalf, in accordance with procedures detailed in the NSAC Operations Manual.	TAF.	By award of the first grant. TAF will monitor performance of the contractor and IDA will verify during FM supervision missions.
9h	<u>Financial Management</u> Disbursement of TAF management fee.	TAF's management fee will be disbursed in tranches and each withdrawal application will be supported by justification of the quantum of fee claimed.	TAF with PCO and MEF oversight.	Beginning with first claim. IDA to monitor SOEs with withdrawal applications.
9i	<u>Disclosure</u> Enhance item 3b to ensure wide interest in applications for grants.	TAF will adopt a Communication and Outreach Strategy, as detailed in the NSAC Operations Manual, focusing on the print, broadcast and on-line media and seminars with NSAs, to disseminate details of the TAF component of the Project.	TAF	Begin implementation immediately after Grant approval by the IDA.
9j	<u>Complaints (Grievances) and Remedies Mechanism</u> Supplement the overall Mechanism with a TAF component-specific Grievance Mechanism.	TAF will implement its component-specific Grievance Mechanism, as detailed in the NSAC Operations Manual, which empowers the GMC to receive and resolve complaints and grievances in liaison with the Mechanism adopted by the PCO for the whole Project. All applicants for grants will be informed of the TAF Grievance Mechanisms and the overall Mechanism at the PCO level.	TAF	Begin implementation immediately after effectiveness. PCO to monitor and IDA to verify during supervision missions.
9k	<u>Code of Ethical Conduct</u> Supplement the existing TAF Code.	TAF will ensure that its Project staff abide by its own existing worldwide Code of Conduct. In addition, TAF will adopt a supplementary code of conduct, as presented in the NSAC Operations Manual, that members of the GMC will sign upon formation of the GMC, in order to reduce the risk of patronage.	TAF GMC members, overseen by TAF, which will provide copies to IDA.	To be adopted immediately after effectiveness. Signed upon formation of the GMC. IDA to monitor at Project launch and during supervision missions.
9l	<u>Membership of GMC</u> Transparency in selection and political independence of	Members of the GMC will be selected after identification of candidates by a search committee, selected through a consultative process and composed of representatives from MOI, the WB, TAF, and	Search Committee with final decision on membership by MOI and WB.	Nominations by Search Committee to MOI and WB by May 2008. Final selection of GMC members by June 2008.

	Issue	Action to Mitigate Risk	Responsibility	Target/Monitoring
	members.	Cambodian civil society. Final appointments will be decided by RGC and WB. The selection methodology will be as detailed in the NSAC Operations Manual.		
9m	<u>Transparency in Selection of Grantees</u> Ensure a transparent grantee selection that avoids influence, capture or subversion by political elites or powerful interests.	The selection of grantees will be made solely by the GMC under procedures detailed in the NSAC Operations Manual. The procedures, including eligibility criteria, format of application, concept note, screening process, evaluation criteria, due diligence and endorsement of suitability by a State Agency, will be publicized under item 9e.	GMC with TAF oversight. TAF to publish the procedures.	Publish procedures immediately after Grant approval. TAF to monitor grantee selection and IDA to verify compliance with agreed procedures during supervision missions.
9n	<u>Supervision of Grantees' Activities</u> Ensure that grants are utilized for the purpose for which they were awarded.	TAF will implement the supervision methodology detailed in the NSAC Operations Manual, including: <ul style="list-style-type: none"> • disbursement of grant funds in tranches • random audits by TAF • independent audits of all grants > \$100,000 • random independent technical and performance audits by TAF and at Project level, as per item 8a • cancellation of any grant where malpractice is identified 	TAF with PCO oversight.	Beginning with the first grant award and continuing throughout Project implementation. IDA to verify during supervision missions.

Abbreviations Used

ACG	Anti-Corruption Guidelines (of the WB Group)	NSAC	Non State Actor Component
ACWG	Anti-Corruption Working Group (of RGC)	PCG	Project Coordination Group
CSO	Civil Society Organization	PCO	Project Coordination Office
DFGG	Demand for Good Governance	PIM	Procurement Implementation Manual
EA	Executing Agency	PMT	Project Management Team
FMDM	Financial Management and Disbursement Manual	QPPR	Quarterly Portfolio Performance Review

GGF	Good Governance Framework	RAMP	Risk Assessment and Mitigation Plan
GMC	Grant Making Committee	RGC	Royal Government of Cambodia
IA	Implementing Agency	SOE	Statement of Expenditure
IDA	International Development Association	SOP	Standard Operating Procedures
IPA	International Procurement Agent	TAF	The Asian Foundation
IPC	Inter-Ministerial Procurement Committee	TGGP	Transparency and Good Governance Plan
MBPI	Merit Based Pay Initiative		
MEF	Ministry of Economy and Finance	TOR	Terms of Reference
NGO	Non-Governmental Organization	TTL	Task Team Leader
MOI	Ministry of Interior	WB	World Bank
NOL	No Objection Letter		

Annex VII. Code of Conduct for Members of the Grant Making Committee for the Demand for Good Governance (DFGG) Project

1. Introduction

Those who serve on the Grant-Making Committee for the Non-State Actor Component (NSAC) of the Demand for Good Governance Project (DFGG) and the Program to Enhance Capacity in Social Accountability (PECSA) have responsibilities under the Project Guidelines determined by the World Bank and the Royal Government of Cambodia (RGC). Each member of the Grant-Making Committee, referred to as the GMC hereafter, is asked to abide by the Code of Conduct, which is set out in this document, and to sign the attached declaration accordingly. The Code of Conduct is to ensure that the GMC serves through example and embodies principles of good governance and carries out its mission in accordance with the Project Guidelines. The roles and responsibilities of the GMC are laid out in the accompanying Terms of Reference.

2. Purpose of the Code

The code aims to define the standards and role of the GMC members in order to ensure that:

- the GMC is effective, open, and accountable;
- the highest standards of integrity and stewardship are achieved; and
- the working relationship of the GMC with NSAC's Secretariat is productive and supportive.

Terminology

In this code we refer to:

- the Royal Government of Cambodia as the RGC;
- the Grant-Making Committee as the GMC;
- Non-State Actor Component of DFGG as NSAC;
- The Asia Foundation as the Foundation;
- Program to Enhance Capacity in Social Accountability as PECSA;
- the DFGG agreement between the World Bank, the Foundation, and the RGC as the Project Guidelines;
- Where we use the word 'must;' this refers to legal requirements or obligations for GMC. The word 'should' is used throughout to indicate the requirements of this code.

3. Code of Conduct

3.1 Selflessness

GMC members have a general duty to act with probity and prudence in the best interest of DFGG and PECSA as a whole. They should not act in order to gain financial or other material benefits for themselves, their family, their friends, or any organization with which they have a formal position (i.e. management position or board membership).

3.2 Integrity

The GMC members should conduct themselves in a manner that does not damage or undermine the reputation of the World Bank, RGC, or The Asia Foundation. More specifically, they:

- should not place themselves under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their role;
- must avoid actual impropriety and any appearance of improper behavior; and
- should avoid accepting gifts and hospitality that might reasonably be thought to influence their judgments.

3.3 Objectivity

The GMC members serve on the committee in their individual capacities not as representatives of their organizations. In addition, in carrying out their grant-selection role, under the NSAC and PECSA grant programs, GMC members should ensure that decisions are made solely on merit.

In arriving at decisions in areas where they do not have expertise themselves, GMC members should consider appropriate technical advice from individuals that have demonstrated sectoral expertise.

3.4 Accountability

GMC members:

- have a duty to comply with the constitution and laws of the RGC and to adhere to best practices in such a way as to preserve confidence in GMC;
- are accountable to the World Bank, RGC, the Foundation, and members of the DFGG grievance committee for their decisions and performance.

3.5 Confidentiality

The GMC should ensure that confidential information and material, including material about individuals and organizations is handled with due care, so that it remains confidential. All GMC deliberations on grants are confidential and may not be shared with anyone except for the Foundation or a technical reviewer.

3.6 Transparency & Openness

The GMC will be committed to transparency regarding the grant-making process. They are obligated to provide unsuccessful applicants feedback on why their applications were not selected and are required to be answerable about their decisions and actions.

3.7 Honesty

GMC members have a duty to avoid any conflict of interest so far as it reasonably practicable and adhere to a policy of recusal as necessary. In particular, they must make known any interest in any matter under discussion that:

- creates either a real danger of bias (that is, the matter affects him/her, or a member of his/her household); or,
- might reasonably cause others to think it could influence the decision.

In such cases, the GMC member should declare the nature of the interest in a conflict of interest statement and recuse themselves for the entirety of the deliberation of that matter.

3.8 Leadership

The GMC members should:

- promote and support the principles of leadership by example;
- strive to attend all meetings regularly, ensuring they prepare for and contribute appropriately and effectively;
- bring a fair and open minded view to all GMC discussions and ensure all decisions are made in support of DFGG principles;
- ensure the application process upholds equal opportunity and diversity;
- respect the role of the staff of The Asia Foundation;
- ensure that the views of users, beneficiaries, staff, volunteers, and other stakeholders are taken into account;
- accept and respect the differences in the roles between the GMC and NSAC staff, ensuring that the GMC and NSAC staff work effectively and cohesively for the benefit of the Project, and develop a mutually supportive relationship.

4. Member's declaration

I declare that:

- I am over age 18.
- I am not an undischarged bankrupt.
- I am a citizen of Cambodia.
- I have never been in violation of Cambodian or international law.
- I undertake to fulfill my responsibilities and duties as a member of the GMC in good faith and in accordance with the law and within DFGG's objectives and Project Guidelines.
- I will avoid undertaking activities which might place DFGG at undue risk.
- I do not have any financial interests in conflict with those of DFGG (either in person or through family or business connections) except those that I have formally disclosed in a conflict of interest statement. In such a case, I will recuse myself from any deliberation by the GMC and not vote on the matter.
- I will abide by this Code of Conduct for the GMC of DFGG and PECSA.

Signed:
Name of GMC member

Date:

Annex VIII: Implementation Time-table until mid-point.

NSAC Activities	Pre-Impl e			Year 1 of Project												Year 2 of Project					
	1	2	3	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6
Pre-Implementation																					
Activity 1.1 Develop Management Tools																					
Activity 1.2 Consultations with Sector Specialists																					
Activity 1.3 Workshop with SIs																					
Activity 1.4 Desk Study on Governance																					
Subcomponent 1 & 2																					
Activity 2.1 Formation and Facilitation of GMC																					
Activity 2.2 Organize and Facilitate the DM																					
Activity 2.3 Facilitate Awareness and Promote Learning																					
Activity 2.4 Facilitate the Application Process																					
Activity 2.5 Under Take Due-Diligence																					
Component 3																					
Activity 3.1 Contract NSA to support application process																					
Activity 3.2 Organize and Facilitate Capacity Building for NSAS																					
Activity 3.3 Organize Field Visits																					
Activity 3.4 Conduct a Baseline																					
Activity 3.5 Undertake Due Diligence																					
Activity 3.6 Random Spot Checking of Grantees																					
Activity 3.7 Internal Review of Grantee Reports																					
Activity 3.8 Mid-point and End of Project Assessment																					

Annex IX: Lessons Learned and Reflected in the Project Design

This section is based on consultations with non-state actors and the World Bank's Development Marketplace staff and preliminary findings from the World Bank's civil society assessment that was undertaken to guide DFGG. Six primary lessons stand out on the basis of these consultations and the study and help to inform NSAC's strategies pertaining to capacity-building, promoting constructive engagement between state and non-state actors, and the grant mechanisms.

The *first lesson* learned from the civil society assessment is that increased NSA capacity is necessary to promote widespread information on governance issues. Levels of public information about governance are very low, and the role of civil society in disseminating information and promoting public education is underdeveloped in Cambodia. The majority of non-state actors with access to the necessary technical information are based in urban centers and are not connected to the grassroots. To this end, NSAC's grants support NSA capacity building in social accountability and will develop the capacity of independent media outlets to report on governance issues. Further, through social accountability grants, NSAC will build the capacity of CSO networks (organized on a sectoral or geographic basis) that over-time can be mobilized to disseminate information at a grassroots level.

The *second lesson* is that it is important for NSAC to emphasize principles of constructive engagement through all NSAC grants to develop positive models of communication and collaboration between state and non-state actors. DFGG's focus on building partnership between these two sectors is unprecedented in Cambodia. To mitigate concerns of actors in both sectors, NSAC will establish principles of engagement through a consultative process that emphasize values of partnership, communication, and mutual trust and responsibility. All NSAC partners will be asked to agree to these principles prior to implementation and incorporate them in their project design and implementation plans. The partnership grant category in particular will model these principles within the DFGG SIs.

The *third lesson* learned is that it is necessary to build a culture of transparency and information-sharing between state and non-state actors, for example by inviting state institutions to take part in the Development Marketplace (held every two years). There are few existing forums for regular and mutual exchange of information between CSOs and government counterparts. In addition to ensuring transparent grant-making, the DM will provide an opportunity for NSAs to learn about government-sponsored governance initiatives and vice-versa. NSAC will invite the four SIs and other relevant ministries to organize booths for the DM. Furthermore, the Foundation will organize ongoing seminars that will provide networking opportunities for actors working in the two sectors.

The *fourth lesson* learned is that NSAC grants need to adopt scatter-gun or multi-tiered strategies to identify governance approaches that have resonance in Cambodia. Existing experience of NSAs in implementing demand-based approaches is limited and many organizations lack the requisite capacity. To address this gap in capacity, The Foundation will implement a three-tiered grants program that will help to prioritize possible development and capacity-building interventions. The Foundation will first

support successful existing and pilot SA approaches through the Small Grants Program. These pilots will help the Foundation to navigate the policy landscape and identify particular capacity gaps. The successful approaches can be further developed and taken to scale through the medium grant category, which will also address some of the capacity issues. Finally, successful approaches can be taken to scale nationally through the large grant category, which will also develop the capacity of CSO networks and coalitions.

The *fifth* lesson learned from the regional consultations is that complex application requirements provide a disincentive for smaller organizations; thus limiting the competitiveness of the grants. To encourage applications from smaller, community-based organizations, NSAC will manage an on-going Small Grants Program that will receive applications on a rolling basis. The application process will be kept simple and involve a straightforward grant application, which will be reviewed and approved by the GMC directly. Furthermore, the Foundation will contract an independent NSA that can serve as a resource during the application process in case applicants require technical advice.

The *sixth* and final lesson learned is that in order for NSAC's stakeholders to trust decisions made by the grant-committee, it must be seen as an independent, transparent, and fair institution. To that end, the Foundation has designed a rigorous selection process for the selection of the grant-committee members involving the World Bank, the government, civil society, and the Asia Foundation. Further, the GMC will be governed by a code of conduct and guidelines to ensure the integrity of the committee. To address any grievances from NSAC's stakeholders, the Foundation has designed a grievance mechanism that is independent from the DFGG program coordination unit and the GMC.