

# Making Sure the Money Works

## Designing performance- based grants system for sub-national administrations in Cambodia

Image by Michal Wojno, flickr/theworldfishcenter - WISH training workshop, Cambodia.

Representational image

The Cambodian Ministry of Economy and Finance's Sub-National Investment Facility (SNIF) programme enables local governments to access funds in a competitive manner as a means of building their capacities to manage public investments.

Participating in a LOGIN learning forum enabled the SNIF Fiscal Decentralization Advisor to gain insights from the diverse experiences of other South and East Asian countries implementing similar initiatives to strengthen local governments' public finance management capacities.

A key learning was the need to harmonise different means of financing local development such as inter-governmental fiscal transfers, donor funds and local contributions, by developing relevant and manageable performance criteria for local governments to access development grants.

These learnings informed the recommendations made to the design of the SNIF sub-decree. Specifically, a set of simple and manageable minimum conditions and performance measures would determine the transfer of funds to local governments. Land area was included in the formula to rationalise the fixed equal share of districts.

SNIF was piloted in 62 districts of Cambodia and by December 2017, 19 districts had passed the annual performance assessment to withdraw grants for approved development projects. The initiative has scaled up to include 61 additional districts in 2018, of which 15 have qualified for the SNIF grants.



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