



Partnership for Local Governance

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Strategic Response to Poverty Alleviation through the Seila Framework

Report Prepared
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Acronyms

ADB	Asian Development Bank
APM	Action Plan Matrix
APR	Annual Progress Report
CAR	Council for Administrative Reform
CBMS	Commune-Based Poverty Monitoring System
CBO	Community-Based Organisation
CCB-NREM	Commune and Community Based Natural Resources and Environmental Management
CDB	Commune Data Base
CDC	Council for Development of Cambodia
CDP	Commune Development Plan
CDRI	Cambodia Development Resource Institute
CIDA	Canada International Development Agency
CIP	Commune Investment Program
CMDGs	Cambodia Millennium Development Goals
CPMAS	Cambodia Poverty Monitoring and Analysis System
CSD	Council for Social Development
C/S	Commune/Sangkat
C/SF	Commune/Sangkat Fund
Danida	Danish International Development Assistance
D&D	Decentralisation and Deconcentration
DFID	Department for International Development
DIW	District Integration Workshop
DPAM	District Priority Activities Matrix
ExCom	Executive Committee
GAP	Governance Action Program
GDI	Gender-related Development Index
GDP	Gross Domestic Product
GSCSD	General Secretariat of Council for Social Development
GTZ	German Development Assistance
IFAD	International Fund for Agricultural Development
IFAPER	Integrated Fiduciary Assessment and Public Expenditure Review
I-PRSP	Interim Poverty Reduction Strategy Paper
MAFF	Ministry of Agriculture, Fisheries and Forestry
MEF	Ministry of Economy and Finance
MoI	Ministry of Interior
MoP	Ministry of Planning
MoSA	Ministry of Social Affairs
MoU	Minutes of Understanding
MoWA	Ministry of Women Affairs ¹
MRD	Ministry of Rural Development
MTEF	Medium Term Expenditure Framework
MVFL	Most Vulnerable Families List
MWRM	Ministry of Water Resources and Meteorology

¹ Before the establishment of the new government, in July 2004, the ministry was called "Ministry of Women's and Veteran's Affairs". The "Veteran's Affairs" have been incorporated in the Ministry of Social Affairs.

NGO	Non-Governmental Organisation
NIS	National Institute of Statistics
NCSC	National Committee for Support to Communes
NPRS	National Poverty Reduction Strategy
PAP	Priority Action Program
PBC	Planning and Budgeting Committee
PFMP	Public Financial Management Program
PIF	Provincial Investment Funds
PIP	Public Investment Plan
PLG	Partnership for Local Governance
PMG	Priority Mission Group
PPA	Participatory Poverty Assessment
PPUP	Phnom Penh Urban Poverty
PRDC	Provincial Rural Development Committee
PRP	Poverty Reduction Program
RGC	Royal Government of Cambodia
RILGP	Rural Investment and Local Governance Project
SEDP	Socio-Economic Development Plan
Sida	Swedish International Development Cooperation Agency
SNEC	Supreme National Economic Council
SRCS	Strategy to Rationalise the Civil Service
STF	Seila Task Force
STFS	Seila Task Force Secretariat
SWOT	Strengths Weaknesses Opportunities Threats
TCAP	Technical Cooperation Assistance Program
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Support
WB	World Bank
WFP	World Food Program

I EXECUTIVE SUMMARY

The Government's Seila Program was approved by the Council of Ministers in early 2001 prior to the approval of Cambodia's second Socio-Economic Development Plan 2001-2005 (SEDPII) and its first full-fledged National Poverty Reduction Strategy 2003-2005 (NPRS). The Royal Government of Cambodia (RGC) and the Partnership for Local Governance (PLG) donors agreed that the Seila Program should define an approach for how to contribute to and strengthen the implementation of the NPRS as opposed to producing its own separate poverty strategy.

Cambodia is in the early stages of a comprehensive institutional reform process. An ambitious and constructive Governance Action Program (GAP) on reforms in most vital areas was approved in March 2001. The pace of implementation to date is generally considered as slow. The public administration and civil service is weak and poorly functioning. There is a strong tendency towards compartmentalised practices, with weak inter- and intra-ministerial collaboration. The aim of the civil service reform process is to build a transparent and efficient administration to reduce corruption and rent-seeking behaviour and to implement participatory and democratic governance at all levels. The continued reform process requires some strategic as well as administratively and politically difficult decisions in the face of vested interests.

In nation-wide elections in February 2002, political authority was devolved to Commune/Sangkat Councils, replacing previously appointed commune/sangkat authorities. This political decentralisation is to be accompanied by an administrative deconcentration transferring central government responsibilities from the national to provincial level. The legal and institutional framework in which deconcentration and decentralisation occur is fragmented and complex with several inter-ministerial institutions involved in the reform processes.

Public expenditure management is weak. Obstacles to the efficient implementation of policies and strategies include lack of credible budget, detachment between policies and budgeting processes and allocative outcomes, lack of consistency between budget commitments and budget execution, and no expedient transfer of allocated money.

Processes around the NPRS are seemingly progressing slowly. These include efforts to prioritise the very broad Action Plan Matrix in order to make it helpful in decision-making and in identifying priorities for the national budget and for donor support. Efforts are also made to gather government agencies and other stakeholders around one process to formulate the post-2005 national development strategy. Also when it comes to the monitoring of the NPRS is progress slow.

Poverty in Cambodia is discussed around seven dimensions in the NPRS, which are lack of opportunities and capabilities, social exclusion, lack of good governance, vulnerability, income and expenditure, and gender disparities. This captures both materialistic and non-monetary aspects of poverty.

No recent data is available to assess the present poverty situation in Cambodia. The latest nation-wide socio-economic survey at household level was done in 1998/99. The next survey is on-going and full data will be available for analysis beginning

2005. Widely used poverty maps are all based on the latest survey in combination with the census data from 1999. Findings from previous surveys indicate a reduction in poverty by only 3% since 1993/94, equivalent to an average of only 0,6% annually despite an annual GDP growth rate of 4.2% during this period. For rural areas the average annual reduction in poverty was only half of the national average (i.e. as low as 0.3% annually). While more than 70% of the poor live from agriculture, the rate of growth within this sector was considerably lower than the average rate of growth. The distribution of land is further unequal, and there are signs that Cambodia is now moving towards a situation of scarcity of agricultural land due to land-grabbing and land accumulation by urban dwellers for speculation purposes. The government's social concessions initiative has not yet developed any real momentum in granting land to landless households. Inequalities are marked. Gender-related differences are noted in terms of health, education, access to productive resources and vulnerability including trafficking. Ethnic minority groups are also over-represented among the poor.

Decentralisation and deconcentration reforms are seen as a means to strengthen local governments and are expected to result in a more efficient and effective delivery of basic services to the communities. It is, however, also acknowledged in the NPRS that there is no automatic correlation between poverty reduction and such local delivery of services. This calls for intentional efforts to strengthening the mechanisms that will enable the communities to not only lobby for greater accountability from public services but also to reinforce their rights to this accountability. To be sustainable, empowerment must be embedded in formal structures.

Seila is the Government's framework to support the implementation of its decentralisation and deconcentration reforms. It is guided by an inter-ministerial Seila Task Force (STF) with a mandate of supporting capacity development for decentralisation and deconcentration in its broadest sense, meaning institution, systems, and people.

Trough the Seila framework both material and non-material dimensions of poverty have been addressed. Assessments show that the financial resources made available for local level investments have contributed to improved opportunities, capabilities and potential for increased income. The assessments provide less evidence on contribution to reduced vulnerability though. The most common type of small-scale public investments financed through funds for local investments are rural roads, mostly road improvements, schools, water supply schemes, and small-scale irrigation.

An important contribution has come from the Seila program working at sub-national levels to develop new mechanisms and procedures for managing local development. At the commune level, the structures have developed from being parallel to becoming institutionalised following the establishment of the Commune/Sangkat Councils. At the provincial level, Seila has piloted horizontal structures to complement the inherited vertical lines of command. These activities have contributed to enhancing good governance through working on transparency, accountability, participatory processes and demonstrating the benefits of predictability in disbursement of funds. They may also be said to have positively influenced social inclusion through opening up mechanisms for improving access to decision-making. Gender inequalities have also been addressed through activities through the Seila framework.

There are entry points to further strengthen the poverty orientation through the Seila framework. Recommended actions relate to steps to be taken around existing mechanisms and to more pro-actively interact with emerging contextual opportunities. The goal should be to intentionally include the poorer segments of the population among the beneficiaries, and not be satisfied with a potential imminent poverty reduction outcome.

As a first step, the poorer provinces and the poorer communes within provinces must get access to funds. Therefore, the formula for allocating the Provincial Investment Fund (PIF) from national to provincial should be revised to include a poverty component and the Commune/Sangkat Fund from national to commune level should be given a stronger poverty component. As from this year the provincial departments are further requested to target poorer and remote communes when implementing the PIF. At the commune level, actions are proposed aiming at ensuring that the funds made available at the commune level are used in an inclusive fashion and not captured solely by the local elite.

On processes, actions proposed are aimed at improving access to information and a sense of accountability from above and downward, both from provincial level to commune level and from commune level to the communities.

II INTRODUCTION

1. Point of Departure

The Government's Seila Program was approved by the Council of Ministers in early 2001 prior to the approval of Cambodia's second Socio-Economic Development Plan (SEDPII) and its first full-fledged National Poverty Reduction Strategy (NPRS).

According to its program document, the Seila Program's impact on poverty alleviation will come from establishing participatory governance systems for delivery of basic services that are cost effective, easy for the rural poor to access and able to be sustained by partnerships between government, civil society and the private sector. In the subsequent NPRS the decentralisation and deconcentration processes are also pointed to as a means to deliver basic services to the communities in a more efficient and effective way, while acknowledging that poverty reduction is no automatic outcome.

Ultimately, the value of the NPRS with its direct poverty alleviating focus lies in its effective implementation and monitoring, rather than in the document itself. It provides an opportunity for a coordinated effort to achieve the government's vision of a pro-poor development path for Cambodia. It also challenges each and every program and project to reflect upon itself to see whether its objectives and design are in line with the government's strategic approach to poverty reduction.

The Royal Government of Cambodia (RGC) and the Partnership for Local Governance (PLG) donors agreed that the Seila Program should define an approach for how to contribute to and strengthen the implementation of the NPRS as opposed to producing its own separate poverty strategy.

2. Purpose of Mission

The objective of the consultancy is the formulation of a strategic approach to strengthening poverty alleviation in the Seila Program. As per the Terms of Reference, this shall include

- i) a brief descriptive overview of the Government's policies and statements with an emphasis on the NPRS;
- ii) a descriptive overview of the work to date in the Seila Program on poverty alleviation and describe any links to NPRS; and
- iii) a detailed outline for approaches within the decentralisation and deconcentration reforms, which can be supported by the Seila program and future support programs, to field test, implement and augment RGC poverty policies,

The mission was undertaken in Phnom Penh between 24 June and 5 August 2004. The consultancy was completed in Stockholm between 16 August and 3 September 2004 (refer to itinerary of the mission, Annex 2).

3. Mission Methodology

The study was designed to be a desk analysis using existing reports and data sets. The study therefore is not expected to provide new findings. Instead, the study aims at drawing together as many findings and aspects as possible from existing strategies, policies and available empirical evidence.

One field visit was, however, decided on during the inception phase. The Seila Task Force Secretariat proposed to include a field visit to Kampot province to learn about commune-level experiences from the approach to use vulnerable household listings in the commune development planning and follow-up processes. GTZ supports this pilot and provides extensive technical assistance to the districts involved.

The mission was undertaken in close collaboration with the Seila Task Force Secretary General, the Seila Task Force, relevant National Committee for Support to Communes (NCSC) Ministries, donors involved in poverty policy/assessment, the Cambodia Resource Development Institute (CDRI) Program Manager for Decentralisation and PLG staff.

4. Outline of Report

The overall development context is presented in the following section. Thereafter, a short summary of the development vision, main dimensions of poverty and current poverty status is given. Achievements within the Seila framework to date are then reviewed in relation to the poverty dimensions followed by recommendations for actions to strengthen the poverty focus within the Seila framework. A summary of recommendations can be found at the end of the report.

5. Acknowledgement

The consultant wishes to thank all those met during her visit to Cambodia from 24 June to 5 August 2004 (listed in Annex 3), all generously sharing valuable pieces of information. Special thanks go to HE Yanara and the STFS staff and the PLG management team for their generous assistance and continuous support throughout the mission.

III DEVELOPMENT CONTEXT AND POVERTY IN CAMBODIA

In this section, a brief overview of the status of crucial contextual issues is provided. The presentation will point to critical issues, posing opportunities and constraints for pro-poor orientation within the Seila framework.

1. Strategic Framework

1.1. Governance and Institutional Environment

Cambodia is a newly democratic society, a land with recently restored peace, a market economy, and opened to the world. Yet, the country remains in the early stages of a comprehensive institutional reform process. Expectations are high but resources severely limited.

An ambitious and constructive Governance Action Program (GAP) on reforms in most vital areas was approved in March 2001. The program was formulated by international consultants but was seen as an indication of political will on behalf of the Government. The program covers five crosscutting reform areas: judicial system, public finances, public administration including decentralisation, anti-corruption, and gender equity. The two specific areas of demobilisation and natural resources are also covered. The GAP, however, lacks clear priorities and clear sources of financing both from Government and donors, and the pace of implementation to date is generally considered as slow. While donors are concerned about what is now seen as a lack of political will, the Government's view is that there is a lack of sufficiently broad donor support. As one example, the donor supported Technical Co-operation Assistance Program (TCAP) focused on Public Expenditure Management (PFM) is perceived as consisting of scattered interventions rather than a coordinated donor support. The main areas supported are public finance, the financial sector, economic statistics and judicial reforms. Benchmarks are agreed in working groups between the RGC and donors around the Consultative Group (CG) meeting process.

Most reform processes came to a standstill during the one-year impasse following the national elections in July 2003. The long negotiations between parties leading to a new coalition government were only resolved in July 2004. In his address to the First Cabinet Meeting of the Third Legislature of the National Assembly², the Prime Minister presented the Rectangular Strategy, emphasising that good governance and in-depth reforms are core to the government's work. It was reiterated that the GAP is to be implemented, carrying through in-depth reforms that are coordinated and consistent across sectors. There is further a renewed emphasis among major donors to accelerate their coordination and harmonisation efforts.

The public administration and civil service is weak and poorly functioning. There is a strong tendency towards compartmentalised practices, with weak inter- and intra-ministerial collaboration. It is generally acknowledged that corruption and rent-seeking behaviour are widespread, which further limits efficiency and effectiveness. Corruption is perceived to be on the increase.³ None of the strategic laws that are necessary to address the situation of corruption and comparative impunity within the

² On 16 July, 2004, at the Office of the Council of Ministers.

³ Transparency International.

judicial system have yet been approved. The strategy for reforming the legislation and the judicial system that was approved by the Council of Ministers mid June 2003 lacks a clear timeframe for implementation. The review of the constitutional council assigned to supervise the independence of the courts has not resulted in any significant restructuring. The anti-corruption law that was foreseen by end-June 2003 has not yet been approved and neither has any case of corruption reached the courts for legal trial.

The aim of the civil service reform process is to build a transparent and efficient administration, to reduce corruption and implement participatory and democratic governance at all levels. The Strategy to Rationalise the Civil Service (SRCS) covers issues such as size, composition and deployment of workforce, and the remuneration of civil servants. It is acknowledged that there is a need to improve the consistency between needs and provision of competence within various areas and levels of the civil service. The problem is not that there are too many civil servants but rather that the distribution of civil servants across sectors and levels does not correspond to prioritised functions and levels of responsibilities. So, for example, mention is made that the lack of teachers is a threat to achievement of the goals set for education and that the lack of competence at lower levels is an obstacle to the successful implementation of the decided decentralisation and deconcentration.⁴

The continued reform process requires some strategic as well as administratively and politically difficult decisions in the face of vested interests.⁵ The government is establishing Priority Mission Groups (PMGs) with special performance-related salary supplements for the selected staff in an effort to improve shorter-term efficiency within the civil service. The government's expectation is that these PMGs will replace the somewhat unplanned and temporary solutions established by donors through their salary supplements to project related staff. The government intends to finance the PMGs while the donors are reluctant and have expressed concerns regarding unclear criteria for selecting staff. The increased "politicisation" of the civil service following the formation of a new government in 2004 contributes to such concerns and may work against the move to a merit-based civil service. The rate of an increase in public revenue sets a limit to how fast salaries could be increased. According to the conditions agreed with the IMF salaries may not exceed 4% of current expenditures.

1.2 Decentralisation and Deconcentration Reform Processes

In nation-wide local elections in February 2002, Commune/Sangkat Councils were established consisting of 5-11 councillors, which have replaced the previously appointed commune/sangkat authorities. The focus of decentralisation has thus far been on devolving political authority to the elected Commune/Sangkat Councils, establishing an initial set of responsibilities for local development and administration and the transfer of resources from the national level through the Commune/Sangkat Fund, to support the implementation of these responsibilities.

This political decentralisation is to be accompanied by an administrative deconcentration, i.e. transferring central government responsibilities from the national

⁴ IFAPER (2004).

⁵ IFAPER (2004), p xvi.

to provincial and district levels as well as from line ministries to their provincial departments. The GAP includes a component for developing "a strategy to deconcentrate administrative functions to enhance the capacity of provincial and district administrations to improve service delivery and to support elected commune councils". The intention to transfer authority from upper to lower levels of the bureaucracy has also recently been reiterated in the Rectangular Strategy. Deconcentration efforts in Cambodia are, however, to date less developed and more fragmented than the decentralisation program.

The legal and institutional framework in which deconcentration and decentralisation occur is fragmented and complex. There are several inter-ministerial institutions involved in the reform processes. The National Committee for Support to Communes (NCSC), chaired by the Minister of Interior (MoI), is leading reforms related to decentralisation, notably drafting the regulatory framework and formalising the mechanisms for financing commune activities, almost entirely supported through the Seila Program. The Council for Administrative Reform (CAR), which is accountable to the Council of Ministers (CoM), is responsible for a broad agenda of administrative reforms, including those related to deconcentration and the reform of the civil service. The Seila Task Force (STF), chaired by the Ministry of Economy and Finance (MEF), is mandated to support both of the above bodies and their member-Ministries with the design of regulations and systems to manage sustainable local development.

With Seila and most of the other major donor supported programs supporting decentralisation and deconcentration coming to an end in 2005-2006, on 31 March 2004 the Prime Minister appointed a government working group to formulate a consolidated strategic vision, framework, action plan and donor support program for 2006-2010. The working group is chaired by the chairman of the government-donor working group on partnership and has as members, senior technocrats from the Ministries of Interior, Finance and Economy, Planning, Women's Affairs, Rural Development and the Council for Administrative Reform. The mandate of the working group will finish in the second quarter of 2005 once the final program document is submitted and approved by the government. A core task of the working group is to define the roles of the provincial and district administrations in order to consolidate the Commune/Sangkat Council system. The continued reform processes critically hinge on an implementation mechanism being put in place. Any body/entity that is assigned responsibility for implementation must be placed in the hierarchy so that it has the real authority to take actions to meet its responsibilities. The outcome of this process will set the framework for the reforms beyond 2005.⁶

1.3 National Development Plans and Strategies

The RGCs approach to development of Cambodia has been laid out in a number of policies and strategies since the restoration of peace. When assuming power following the elections in 1998 the Prime Minister launched the Triangle Strategy focusing on i) peace, stability and security, ii) Cambodia's regional and international integration, and iii) economic and social development. When resuming power in July 2004, the Prime Minister presented the Rectangular Strategy for growth, employment, equity

⁶ Discussed in more details in Seila MTR (2004).

and efficiency, and with national security being the top priority. The core is good governance.

The Rectangular Strategy draws together key elements from the Cambodia Millennium Development Goals (CMDGs), the Socio-Economic Development Plan 2001-2005 (SEDPII), the National Poverty Reduction Strategy 2003-2005 (NPRS), and the Governance Action Plan (GAP). The institutional responsibility for the formulation of these plans and strategies is varied. The five-year SEDPII was formulated under the guidance of the Ministry of Planning (MoP) and approved by the National Assembly in June 2002. In parallel, the Interim Poverty Reduction Strategy (I-PRSP) was formulated followed by a full-fledged three-year NPRS in December 2002. While the I-PRSP was formulated under the guidance of the Ministry of Economy and Finance (MEF) the responsibility for formulating the NPRS was transferred to an inter-ministerial body, the Council for Social Development and its General Secretariat (CSD/GSCSD), chaired by the MoP.

The SEDPII sets out the broader framework for a renewed national effort to ensure that all Cambodians will enjoy the benefits from economic growth and participate in the development process. Programs and projects based on the SEDPII are prioritised in the rolling three-year Public Investment Plan 2003-05 (PIP). In the NPRS the primary focus is on the poor Cambodians. To ensure consistency, the medium-term NPRS takes the longer-term SEDPII as a point of departure. The NPRS seeks to more clearly define and operationalise the RGC's approach to poverty reduction and includes an Action Plan Matrix (APM) summarising planned actions deemed most relevant from a poverty reduction perspective. Most recently, international commitments have been localised in the CMDGs. The CMDGs do not constitute a strategy or policy, but set national time-bound priority goals and targets for combating poverty, hunger, diseases, illiteracy, discrimination against women, and environmental degradation. The formulation of the CMDG goals and indicators was anticipated and to become an integral part of the NPRS.

It is envisioned that these three documents will be merged into one post-2005 medium-term consolidated national strategy for development and poverty reduction. The formulation process is being planned within the CSD/GSCSD of the MoP. Efforts are made to gather the main stakeholders around one process, but to date progress on this seems to be limited.

Strategic planning is a continuous process and the current NPRS in this sense evolves as implementation progresses. The more immediate measures initiated in 2003 include a review of the APM, which is very broad and does not yet constitute an efficient agenda for action.⁷ A prioritisation of the APM is vital if the NPRS is to be of help in decision-making and identifying priorities for the national budget and for donor support. Actions in the APM that are not yet on-going or committed are in the process of being evaluated. Progress on the review and prioritisation of the APM has, however been slow. Line ministries have been requested to review their sector APMs but by mid-2004 only one ministry has responded to the GSCSD.

⁷ As demonstrated by fact that costed projects within the current APM amount to \$5.2 billion, which is four to five times what the government could possibly expect to receive.

Further, following the finalisation of the CMDGs these are now in the process of being consolidated into the NPRS. The finally approved CMDG targets and indicators do not always correspond to indicators and targets included in the NPRS. Benchmarks agreed between RGC and donors in the working groups around the CG process need to be a consolidated part of the NPRS. Any revision by definition needs to closely involve line ministries. Indications are that the progress is slow on this work as well.

The precise format for broader stakeholder inclusion in the processes to implement the NPRS and formulate the forthcoming post-2005 policy also remains uncertain at this point in time. There seems to be a number of initiatives to form committees and working groups whereas it is not always clear from where these initiatives emanate.

Individual donor agencies are also in the process to undertake preparatory work expected to feed into the forthcoming formulation process. The WB has commissioned research to the Cambodia Development Resource Institute (CDRI) to feed into the WB global survey in 20 countries on moving out of poverty. The findings are also expected to link with the Cambodian post-2005 policy. The ADB has commissioned CDRI to undertake Participatory Poverty Assessments (PPAs) in the Tone Le Sap area. Research is also to be undertaken by CDRI on decentralisation and poverty as part of its research program on decentralisation.

The first Annual Progress Report (APR) on the NPRS is available in draft format. The formulation process of the APR has, however, raised certain confusion regarding division of responsibility for the NPRS and its implementation. Rather than remaining with the GSCSD it seems that the main responsibility for the APR was moved to the Supreme National Economic Council (SNEC) within the MEF. In theory, these two entities were said to be cooperating, but in practice the involvement of the GSCSD seems to have been very limited.

In a statement from the NGO Forum of Cambodia, the need to consider which is the most important audience of the NPRS/APR is highlighted. The progress report should be written primarily to give feedback and guidance to government officials and Cambodian public and development workers. It should inform policy makers, lawmakers and the public on progress in poverty reduction and should therefore be readily available in the Khmer language.⁸

1.4 Public Financial Management and Policy Implementation

The government guarantees a level of public expenditure that is consistent with maintained macroeconomic stability. The budget execution is based on monthly cash availability. Public expenditure management is, however, weak. Obstacles to the efficient implementation of policies and strategies include lack of credible budget, detachment between policies and budgeting processes and allocative outcomes, lack of consistency between budget commitments and budget execution, and no expedient transfer of allocated money.⁹ The actual rate of disbursement varies across ministries and over time for each ministry, including for the priority sectors. For NPRS to be an

⁸ NGO Forum of Cambodia (March 2004).

⁹ IFAPER (2004). The perspective of decentralization and deconcentration is discussed at some length.

efficient policy instrument budget allocations must be consistent with the priorities in the NPRS and the execution and management of the budget must follow as intended.

In an effort to smooth the disbursement process a Priority Action Program (PAP) was introduced in 2000 to guarantee that the priority sectors did get access to budgeted funds according to plan. The ministries of health and education were to be guaranteed an automatic quarterly transfer of 25% of allocated funds and were to be held responsible in accordance with agreed upon criteria. Pre-auditing by the MEF was thus to be replaced for post-auditing. Initially, some progress was made in the rate of disbursement but PAP has not been fully paid and has not replaced the earlier pre-auditing practises. The views on reasons for the poorly functioning disbursements differ between the MEF and the line ministries in question.

Particularly in 2003, the delay in C/S Fund transfers to the C/S Councils posed threats to the decentralisation reforms at the early stage. These problems have largely been sorted out in 2004, and transfers are now on schedule (albeit on a month-by-month schedule, rather than the three instalments schedule specified in the C/S Fund Prakas). As revenue powers rest almost exclusively with the national level, decentralisation efforts are highly dependent on timely intergovernmental transfers of allocated funds.

A rolling three-year Medium Term Expenditure Framework (MTEF) is being gradually introduced by the MEF to better align finances with priorities in plans and programs. It was first introduced for health and education and expanded to the Ministry of Justice and the Ministry of Women's Affairs during 2004. Ideally, the MTEF would cover both recurrent expenditures and capital costs, and include domestic as well as external resources. However, that has not yet been fully implemented, as it would require a high quality of plans and programs, a high degree of accountability and transparency in public finance management, as well as a large amount of donor discipline. The institutional planning capacity as well as expenditure management is still weak and a significant proportion of donor support still bypasses the national budget process because of the practice of direct funding by donor agencies to project implementers.¹⁰

As one outcome of the recommendations in the IFAPER, a Public Financial Management (PFM) program is now being formulated with the MEF to support reforms in areas identified to be of vital importance to the successful implementation of government policies. Thus, a timely and efficient implementation of the PFM will strongly influence the prospects for translating the NPRS, including decentralised expenditures, to alleviate poverty into actions. The planning of the program will be an on-going process that is informed by a broad range of activities at national and sub-national levels within government and involving numerous donor partners. The program takes a platform approach with four platforms to be implemented over a time period of totally at least 5-6 years. In the concept note for the PFM, it is noted that the efficient implementation of deconcentration reforms requires all the four platforms to be in place. This implies that an efficiently functioning deconcentrated bureaucracy is not foreseen to be in place until towards the end of the 5-6 years period, i.e. end 2009 or later. However, improved intergovernmental transfers to the Commune/Sangkat funds are expected to be part of the first platform.

¹⁰ Some donors, including the Seila core donors, may be expected to change this habit when there is evidence of improved accountability and public financial transparency.

A Public Expenditure Tracking study in the education sector is being undertaken by CDRI (commissioned by the WB). This exercise is expected to shed light on where in the process the major bottlenecks are found and why money does not always reach its destination on time.

1.5 Monitoring for Informed Policy-Making

The national statistical system is highly decentralised with statistical data scattered among a number of Government units. The National Institute of Statistics (NIS) is the only statistical unit that has statistics as its sole function. In other Government institutions statistical activities are combined with other functions, such as planning, policy and program formulation and monitoring, research and analysis. Data sets and indicators are not standardised among these agencies resulting in methodological inconsistencies and differing definitions of terminology. Roles and responsibilities will be clarified and divided across the various Government agencies following the approval by the National Assembly of the statistics law (already approved by the Council of Ministers). The draft law provides the NIS the mandate as the highest policy-making body in establishing an integrated national statistical system. A Statistical Council (chaired by NIS) will also be established.

A renewed emphasis on poverty reduction involves a reorientation of policies, programs and budget allocation decisions to better target the poor. The practical and action-oriented approach in the NPRS thus incorporates a more comprehensive set of performance indicators and aims at establishing mechanisms for tracking progress over time in achieving set targets. Monitoring and evaluation exercises will help provide information about the progress of the implementation towards the objectives and about issues arising from inappropriate strategies and implementation process, as well as to gather lessons that can be learned for future efforts.

However, progress seems to be slow when it comes to the establishment of a monitoring and evaluation framework for NPRS. Monitoring and evaluation is not the responsibility for any single institution or agency. It involves institutional strengthening with the forging of stronger linkages across ministries and agencies, and the establishment of mechanisms for improved information sharing. Capacity building is required within various agencies with a need for efficient coordination of interventions to achieve synergies in support for monitoring activities, not only across Government agencies but also across cooperation partners.

A Cambodia Poverty Monitoring and Analysis System (CPMAS) to consolidate poverty monitoring efforts across all sectors and levels is also under development under the responsibility of the inter-ministerial CSD within the Poverty Monitoring and Analysis (PMA) project in the MoP. A broad set of indicators on poverty, vulnerability and inequality (PVIs) has been identified. Work is in progress to compile and validate information and values of the PVI indicators. An important source of information for the PVIs is the series of household socio-economic surveys. The latest survey was conducted in 1998/99 and a 2003/04 survey is in progress to be finalised end 2004. Another envisioned component is to build national competence to undertake analytical work for national assessments of results of poverty related

interventions. Currently, nearly any analytical work in Cambodia is done by international expertise or with substantial inputs from international consultants. However, a recent evaluation report on the PMA project raises concern for its sustainability.

Both the NPRS and the PMA units are under the auspices of the GSCSD within the MoP. The NIS within the MoP has a mandate in statistics, including the household surveys for poverty monitoring. When it comes to commune-level data, another department within the MoP continues to manage a national level commune data base, owned and operated at the sub-national level, with support from Seila. The draft statistics law mentioned above does, however, also provide for NIS to have staff at the commune level. A Commune-Based Poverty Monitoring System (CBMS) is currently being piloted in six communes by CDRI and in collaboration with NIS and STF.¹¹ Unfortunately, there seems to have been very limited cooperation in actions so far between these various entities.

2. Poverty Alleviation and Development Priorities

2.1 Overall Development Vision and NPRS Priorities

The RGC's vision is to have a socially cohesive, educationally advanced, and culturally vibrant Cambodia without poverty, illiteracy and ill health whereby all Cambodian citizens live in harmony with a decent living free from hunger, inequity and disparity, exclusion, and vulnerability.

The central objective is to promote growth with maintained macroeconomic stability and the private sector playing a key role. The RGC has declared its commitment to a shift of resources to more efficient sectors, and the integration within the global economy.¹² It is acknowledged that special attention needs to be placed on encouraging agricultural growth and rural development given its importance for the majority of the population.¹³ The development of the rural economy has also been stressed as being the "key" priority for government on other occasions.¹⁴ Rural livelihoods are to be improved through improved access to land, water and basic social and physical services, with the overall objective of increasing incomes of the rural population. The goal of improved agricultural performance is to maximise food self-sufficiency of the rural households. Natural resources are to be used in a sustainable manner and disaster prevention is to be improved. Good governance is seen as vital emphasising objectives such as justice for all and eliminating causes of and opportunities for corruption.¹⁵

Strong emphasis is on the acceleration of the civil service reform process in order to build a transparent and efficient administration that is based on the rule of law with justice for all. The rights of citizens to be provided information on services, policies

¹¹ The pilot is a research project by CDRI, with a technical supervisory team of three members – one from CDRI, NIS and STF respectively.

¹² NPRS, p43.

¹³ Agriculture accounts for 40% of GDP and employs more than 70% of the labor force.

¹⁴ E.g. in a statement by the Prime Minister in October 2003 (cited in NGO Forum (March 2004)).

¹⁵ NPRS, e.g. p52, p55 and p100.

and development plans on a regular basis, as well as on local budgets are stressed. Improved dialogue between the people and the local authorities is being established, thus empowering the communities and strengthening the accountability of local authorities and the monitoring function of the people. The people shall be effectively involved in the planning of local level development projects as well.

Among social and poverty reduction measures, focus is on the importance to provide the poor with knowledge and understanding of the law, as well as of their rights and obligations. Emphasis is also on the importance of participation of the people in the law and policy-making processes. It is to be ensured that all citizens, and especially poor women, have better access to information and to the judicial system. The protection of legal rights is to be ensured through expanding legal support for the poor, with particular emphasis on women and girls. Flexibility and efficiency shall be improved and favourable conditions created for the poor to have easy access to legal and judicial services including the introduction of alternative dispute resolution mechanisms.

Laws, procedures and frameworks can, however, not do it alone. Effective and fair enforcement mechanisms are necessary complements. The pursuit of good governance and the fight against corruption and "facilitation fees" thus becomes crucial. The failure to curb corruption is a major threat to continued poverty reduction. This is in particular the case when it comes to access to productive resources. Access to land, forest and water is vital, both because these natural resources cut across all sectors, actors and states of development, and because at this point in time the livelihood of the majority of the population is largely derived from direct use of these natural resources.

In the NPRS the lack of positive results in good governance within the public system is identified as a roadblock to the government's efforts to reduce poverty. This includes the lack of information and influence over decision-making, the lack of laws and protection of rights as well as the costly corruption. In the IFAPER the failure to reform the civil service is discussed as one of the major threats against the implementation of the NPRS.

2.2 *Defining Poverty*

It would seem that a useful definition of poverty in Cambodia is one that is primarily materialistic, but not merely monetary. One, which looks also at less materialistic, causes (e.g. illness, lack of kin, state oppression, the harassment of women) as well as consequences (e.g. being forced into illegal, immoral or demeaning activities) that people associate with poverty. Three observations provide the basis for this definition.¹⁶

i) Multidimensional

The poverty line measures income or consumption poverty and is the most commonly used indicator to monitor progress and trend in poverty reduction. However, low levels of income and consumption is just one dimension of poverty in Cambodia.

¹⁶ For a more in-depth discussion and detailed references, see Conway (1999).

Other dimensions range from poor health and lack of education, training and capital, to other "non-material" dimensions of well being, including gender gaps, insecurity, powerlessness and social exclusion. Poor people are vulnerable to daily difficulties and occasional shocks at the household and community levels, such as illness or failed crop. Poor people cannot afford to take risks in order to increase future incomes and they cannot afford to invest in their human capacity. Poor people are deprived of opportunities, lacking access to information and influence on decision-making processes. To improve people's livelihoods and overcome poverty thus requires the interaction of a multitude of factors, many of which are non-material.

ii) *Material vs. non-material*

There is an increasing attention paid to non-material aspects of well being encompassing social aspects such as self-respect and the ability to participate in society. Empirical investigations, however, suggest that poverty is generally understood as the lack of material well being. A review on the literature on local perceptions of poverty in Asia noted that most poor people in Asia understood poverty to be primarily a matter of material deprivation. Further, there is no unambiguous relationship between material well-being and non-material rights. In some contexts material and non-material well-being have been achieved simultaneously, but in other circumstances material well-being has been achieved under authoritarian conditions.

iii) *Means vs. ends*

The non-material dimensions of empowerment and participation are valued both as a means to the end of poverty reduction and as a goal in its own right. In practical terms, this implies an emphasis not only on the end of poverty reduction but on the process as well. However, ultimately material benefits for the poor have to be delivered through this process.

2.3 *Poverty Concepts in NPRS*

Poverty in Cambodia is discussed around the following dimensions in the NPRS and is well in line with the definition suggested above.¹⁷

Lack of Opportunities: This is basically a lack of opportunity to sustain ones livelihood. This includes access to land for cultivation or access to other natural resources, such as forestry and fishery related, or alternatively access to an income-earning opportunity on- or off-farm.

Lack of Capabilities: Access to capabilities is vital for the possibility of the poor to move out of poverty. Capabilities include health, nutrition, mortality rates, education attainment, access to safe drinking water, etc.

Social Exclusion: Social exclusion may be defined as the barriers preventing the poor from fully participating in the social mainstream of society. Factors contributing to social exclusion are illiteracy, lack of access to decision-making and law, discrimination on the basis of gender, ethnicity or stigma, and corruption.

¹⁷ For more details on concepts and dimensions of poverty in Cambodia, see NPRS, pp. 15-39.

Lack of Good Governance: Good governance includes aspects such as participation, transparency, accountability, and predictability. Lack of good governance has strong impact on the poor and is actually seen as a roadblock to the RGC's fight against poverty.

Vulnerability: Vulnerability relates to food security, being exposed to natural disasters, or physical isolation in remote areas. It also relates to man-made disasters such as land mines and human trafficking.

Income / Expenditure: In Cambodia two poverty lines are calculated – the “food poverty line” and the “overall poverty line”. Underlying the calculation of both these poverty lines is the determination of a basket of food items. The food basket is determined in order to provide at least 2100 calories of energy per day while reflecting consumption patterns of Cambodian households. Food expenditure data is then used to estimate how much it costs to purchase the identified food basket, which then essentially determines the food poverty line. The overall poverty line is arrived at by including certain non-food expenditures.

Gender Disparities: Gender disparities basically arise from social norms and traditions. It shows itself in a number of ways including aspects such as workload, employment, education, health, HIV/AIDS, human trafficking, domestic violence, access to decision-making processes and power structures, etc. It may be said to reinforce the dimensions mentioned above, women tend to be worse off in all situations.

2.4 Role of Decentralisation and Deconcentration in Reducing Poverty

There is no a priori link between decentralisation, deconcentration and poverty reduction.¹⁸ However, if well designed such reforms can move decision-making closer to people and improve governance, including a more efficient delivery of basic services. On the other hand, if not appropriately designed or if introduced in environments where local participation and accountability are constrained, its impact can be negative in the sense that it offers the opportunity for the local powerful to capture the benefits (elite capturing). An essential element is the need for clear division of responsibilities and a clear system of accountability.

The NPRS includes a discussion on the links between decentralisation and deconcentration reforms and poverty reduction. These reforms to strengthen local governments are expected to result in a more efficient and effective delivery of basic services to the communities. In the NPRS it is also acknowledged that there is no automatic correlation between poverty reduction and such local delivery of services. One crucial factor is the extent to which the communities are able to demand their rights. Ideally, local level government would interact with community-based civil society as well as the private sector. However, Cambodia virtually lacks a vibrant

¹⁸ It must be remembered that history has shown that under the right circumstances a top-down development can deliver improvements in life expectancy and literacy as efficiently as base-up participatory development.

truly community-based civil society and the private sector development is in its infancy.

From a poverty reducing perspective, it will therefore be of particular importance to continuously support the strengthening of mechanisms that will enable the communities to not only lobby for greater accountability from public services but also to reinforce their rights to this accountability. To be sustainable, empowerment must be embedded in formal structures. Protection of the law and/or oversight mechanisms such as independent audits and access to information and freedom of media to investigate have proven crucial. If such mechanisms are successfully introduced, decentralisation and deconcentration reforms hold the potential to contribute to poverty reduction in most dimensions defined in the NPRS.

2.5 Poverty Status

It is difficult to assess the present poverty situation in Cambodia with any degree of certainty, as no recent data is available. The latest nation-wide socio-economic survey at household level was done in 1998/99. The next survey is on-going and full data will be available for analysis beginning 2005. Poverty maps from World Food Program (WFP) are available for commune level and are widely referred to. These were produced using the previous survey results in combination with data from the 1999 population census. These maps should thus be treated with the same caution as any other analysis based on the by now rather old information in the previous survey.

According to the findings from the most recent household survey 36% of the Cambodian population lives in poverty.¹⁹ This would indicate a reduction in poverty by only 3% since 1993/94, equivalent to an average of only 0.6% annually despite an annual GDP growth rate of 4.2% during this period. The increase in income among households exhibits huge variation. The richest 20% of the households increased their income by ten times the increase of the poorest 20% (by 17.9% and 1.7% respectively). Thus for rural areas the average annual reduction in poverty was as low as 0.3%, i.e. or only half the national average. These figures are, however, much debated. Government claims a larger reduction in poverty while some NGOs claim that poverty has even increased in certain areas. As available recent findings are fragmented there is no way to convincingly argue either way. The forthcoming results from the on-going household survey will therefore be important to shed light on the situation.

The rapid population growth during the period is one reason why economic growth may not have translated into a corresponding reduction in poverty. Reasons are, however, also to be found in the path of growth in Cambodia. While more than 70% of the poor live from agriculture, the rate of growth within this sector was considerably lower than the average rate of growth. The distribution of land is unequal and land tenure security is weak. There are signs that Cambodia is now moving towards a situation of scarcity of agricultural land due to land grabbing and land accumulation by urban dwellers for speculation purposes which often ends up in leaving productive land idle. The government has recently designed a social

¹⁹ The poverty line in monetary terms is estimated to USD 0.63, 0.54 and 0.46 for Phnom Penh, Other Urban, and Rural areas respectively.

concessions initiative, which would allocate land to the landless. So far, however, this has not yet developed any real momentum.

Special attention is given to agricultural growth and rural development. Attention is also given to sustained livelihoods of the rural poor to free them from hunger. There is, however, no automatic linkage between agricultural growth and sustained livelihoods without hunger. Only when agricultural growth takes place along a path that includes a majority of the poor in the rural areas will agricultural growth per se contribute to reducing poverty and eliminating hunger. Agricultural growth that is achieved through mechanised and/or intensified use of land involving only those already cultivating is not likely to positively impact the livelihoods of the poor and marginalised. There is thus a potential conflict of interest between the uses of land for dynamic purposes with an efficiency perspective vs. the use of land for the poor for securing production for survival purposes. The number of income earning opportunities generated has not matched the number of new entrants to the labour market. New employment opportunities are further concentrated in urban or semi-urban areas.

Meeting the goals on poverty reduction in SEDPII and NPRS will require economic growth that is both rapid and that distributes benefits more evenly than in the past. Different patterns of growth across Cambodia will have different effects on Cambodia's poverty reduction efforts. Growth that is concentrated in urban areas will raise incomes in the cities but have less immediate impact on the incomes of the many poor located in rural areas, except through rural urban migration, which is likely to accelerate in the future.

Urban development is perceived essentially as the physical modernisation and expansion of the city. Buildings, infrastructure, facilities and services are mainly intended to serve the better off in the city, and particularly the business sector. The urban poor are seen primarily as an obstacle hindering the development of infrastructure by occupying state public land. The urban poor settlements are illegal and are thus denied access to most basic services and security of tenure. This view on urban poor stands in contrast to the view on rural poor, who are explicitly intended to benefit from rural development.

Inequalities are marked in Cambodia with a Gini-coefficient of 0.45 for per capita expenditures.²⁰ The share of poor in the population varies in particular between urban and rural areas but also between lowlands and highlands. Variations are also found within rural areas with pockets of deep poverty. In 27% of all communes in Cambodia more than half the population lives in poverty, in some communes reaching a level of 75%. Gender-related differences are noted in terms of health, education, access to productive resources and vulnerability including trafficking. Cambodia has one of the lowest gender-related development indices (GDI) in Asia (0.537).²¹ Ethnic minority groups are also over-represented among the poor, partly due to language barriers and partly due to their living in sparsely populated areas, which further complicates the delivery of basic social services. Further, ethnic minority groups have low status in

²⁰ A Gini-coefficient of 0 represents perfect equality, while a coefficient of 1 implies perfect inequality.

²¹ The GDI measures average achievement in the three basic dimensions captured in the human development index (a long and healthy life, knowledge and a decent standard of living) adjusted to account for inequalities between men and women. A higher index represents more equality.

society and have only during recent years been acknowledged in decision-making processes.²²

Social indicators show poor values in Cambodia. In general it is estimated to take at least another generation to reshape human capital lost during the Khmer Rouge era. The population structure is skewed with approximately 42% of the population being below the age of 15, thus indicating a high dependency ratio. Life expectancy at birth is 56.4 years and the level of adult literacy as low as 68%. Malnutrition is widespread. Both maternal and child and infant mortalities are high despite improvements during the 1990s. Between 1990 and 2002 infant mortality decreased by 24% (down from 125 to 95 per 1000 live births) while under five mortality decreased by 37.5% (down from 200 to 124 per 1000 live births). Also maternal mortality decreased by some 25% during the period but remains at a high level (437 per 100 000 live births).²³

There is no obvious and unambiguous correlation between high average levels of income/expenditure poverty and low average levels of social indicators across provinces in Cambodia. High average level of household expenditure in a province may be accompanied by high levels of maternal and child mortality and widespread malnutrition. There is even no clear-cut correlation between the various social indicators. One province may exhibit low infant and child mortality but rate comparatively poorly on education indices. This points to the importance of a local focus when planning development.

HIV/AIDS was noted in Cambodia for the first time in 1991. The epidemic has now spread to all regions of the country and from the so-called high-risk groups to the general population. According to official figures the share of HIV-positive in the population has decreased from 3.6% in 1997 to 2.6% in 2002 but remains among the highest in Asia. There is, however, some debate as to whether the prevalence rate has actually declines or not. Decrease in share of population infected is further a somewhat ambiguous measure as a decrease may be achieved in two ways. Both a decline in rate of new infections (positive) and an increase in mortality among HIV-infected (negative) will contribute to a decrease in share of HIV-positive population.

²² NPRS, p126.

²³ It should be noted that there is no reliable system of birth and death registration in Cambodia.

IV MISSION ACTIVITIES: POVERTY REDUCTION THROUGH SEILA FRAMEWORK

1. Seila Framework and Poverty Reduction

In this section, the contributions of the Seila program will be reviewed in light of the dimensions of poverty identified in the NPRS. This will be followed by an analysis of scope for strengthening the pro-poor focus of the Seila program in the next section.

The multi-dimensionality of poverty, as identified in the NPRS, contributes to a certain lack of clarity as to what should be expected from the Seila Program in terms of support to poverty alleviation. Are the development funds to be seen primarily as “triggers” for strengthening systems for service delivery, and thus addressing primarily non-material aspects of poverty such as good government and participation, or are these physical investments primarily to be seen as tools for addressing material aspects of poverty, or are they both?

1.1 What is Seila the Framework?

The current Seila²⁴ program was approved in 2001 and is, de facto, the government's framework to support the implementation of its decentralisation and deconcentration reforms. It is guided by a national inter-ministerial Seila Task Force (STF) to reflect the crosscutting nature of decentralisation and deconcentration.²⁵ The mandate of the STF is to support capacity development for decentralisation and deconcentration in its broadest sense meaning institutions, systems and people. With roughly \$ 40 million per year programmed under the Seila framework from domestic and external resources, Seila focuses both on governance: regulations, clarification of roles and responsibilities and management systems, as well as local development: large scale financing of investment and service delivery. The current framework builds on experience gained during a first phase, which was launched in 1996 by the RGC as an “experiment” in decentralised planning, financing and implementation of local development. Based on a positive assessment by the government of the systems, processes and outcomes developed at commune level, the Seila experience has largely been incorporated into the decentralised regulatory framework now governing the elected Commune/Sangkat Councils.

Seila is managed and directly executed by the government through appointed committees at national, provincial and district levels, and through the elected councils at commune level. Since early 2003, Seila has been providing technical and financial support to all 24 provinces/municipalities and all elected 1,621 Commune/Sangkat Councils in the country.²⁶ While initially formulated with a rural focus, Seila now includes support to urban communes and Sangkats.

²⁴ Seila is a Khmer/Sanskrit word meaning “foundation stone”.

²⁵ The members are: the Ministry of Economy and Finance (MEF); the Ministry of Planning (MoP), the Ministry of Interior (MoI), the Ministry of Rural Development (MRD), the Ministry of Women Affairs (MoWA), the Ministry of Agriculture, Fisheries and Forestry (MAFF), the Ministry of Water Resources and Meteorology (MWRM) and the Ministry of Social Affairs (MoSA).

²⁶ Seila had an initial coverage of 5 provinces, 43 communes and a total of 311 villages in 1996. By the end of the first phase, this coverage had grown to 12 provinces and 508 communes representing half of the total number of provinces and one third of the communes in the country.

The program is characterised as a resource mobilisation and coordination framework for support to decentralisation and deconcentration reforms. Cooperating partners support and work through the Seila framework in various ways. Core support is provided through the UN-Donor Partnership for Local Governance (PLG) program²⁷ which finances the majority of the capacity development and technical cooperation at national and provincial level, the majority of funds for provincial investments and contributes to the Commune/Sangkat Fund (C/SF). Other donors include the World Bank RILG credit, which reimburses the government for eligible expenditures under the C/S Fund; three IFAD loan programs supporting deconcentrated agriculture and local development in eight provinces; and the Danida CCB-NREM grant support for mainstreaming NREM through local governance in six provinces. Most recently, UNICEF has signed an MoU with the STF for the incorporation of the Seth Koma Program in six provinces into the Seila management and execution framework, and CIDA has approved a project with Seila for agricultural development in de-mined areas of three provinces which will commence in 2005.

1.2 *Achievements*

Through the Seila framework both material and non-material dimensions of poverty are addressed (refer to definitions above, chapter III section 2.3). Development funds are transferred to the two sub-national levels of budget, province and commune, to support investments and services with direct benefit to communities. These have also provided indirect benefit to the communities through their functioning as "triggers" in developing and strengthening systems, structures and mechanisms. The ultimate value of these systems and structures lies in their performing more efficiently than centralised government arrangements when it comes to delivering services and other outputs for the communities.

Gender inequity is one of the dimensions of poverty identified in the NPRS. It is also inconsistent with the Cambodian Constitution, which states that men and women should be treated on the basis of equality. A Seila Gender Mainstreaming Strategy 2001-2005 has been developed consistent with the national five-year strategic plan (Neary Rattanak) that was developed by the Ministry of Women Affairs (MoWA) in February 1999. Guidelines for gender in development planning have been formulated. Awareness raising, capacity building, and training on gender mainstreaming issues have been an important activity throughout the implementation of the Seila Program.

1.2.1 *Financial Resources for Local Level Investments*

During the early years of the first phase of Seila, funds for both commune and provincial levels came exclusively from external sources. Beginning in 1999, the Royal Government began to make annual national budget allocations to Commune Development Committees to test the systems developing under the experiment through the national treasury and thus pilot a system of inter-governmental fiscal transfers. By the time of the local elections in February 2002, the Commune/Sangkat Fund was established and institutionalised. With as yet limited opportunities for own

²⁷ Supported by DFID, UNDP and Sida.

source revenue collection the councils primarily rely on inter-governmental transfers to Commune/Sangkat Funds.²⁸

The Provincial Investment Fund (PIF), developed under Seila, provides annual block grant allocations to provinces/municipalities, which are programmed by the provincial authorities for support to investments, and services that respond to local priorities and are consistent with national sector policies and strategies. As at present there are almost no discretionary resources allocated to provinces through the national budget, the PIF can be seen as piloting a future provincial development budget. While the programming process and financial management system for the PIF are consistent with the government's budgetary cycle and finance system, the PIF resources remain off-budget, in US Dollars and are transferred through commercial bank accounts held at provincial level. As a decentralised budget, line Ministries have little direct involvement in the PIF even though their provincial departments are the ones implementing PIF-financed contracts. As allocations from most line Ministries to their provincial departments are quite low, in many cases the PIF represents the bulk of the development work being carried out by the line departments.

The modest financial resources that have been provided through the C/S Fund, promoted and supported by the Seila Program, as well as the PIF, is designed with the view of maximising the benefits for the local population ensuring that at least some of the benefits reach the very poor.²⁹ Assessments undertaken in five provinces verify socio-economic benefits to the communities and found the benefits to be spread over all socio-economic groups. Some benefits are more general, such as road improvements, whilst others are more direct to specific groups, such as school pupils, well users and farmer groups. Both direct and indirect effects are noted, in the sense that some groups directly benefit from the investments, whereas others may benefit through the subsequent generation of employment opportunities. The investments show a high rate of economic return. A selection of findings is presented below.³⁰

The road projects have enabled roads to be open for virtually the whole wet season (i.e. open for an additional two months on average). It was consistently found in the two assessments that the roads have reduced journey times by 40% on average and fares by 30%, and thus facilitated access to health, education, markets and pagodas. The number of trips to all these major facilities increased.

More recent evaluations and economic indicators estimated for the C/S Fund road projects consistently confirm that isolated interventions to ensure year-round "basic access" represent real benefits in time savings and vehicle operating cost reductions, which result in reduced fares, increased traffic, and higher levels of petty trading activity. The benefits are captured also by the poor. Some 90% of wheeled traffic on the Commune project roads consists of bicycles and motorcycles, and the project benefits accrue to users of these vehicles and to pedestrians. It is further found, that

²⁸ Prior to the elected Commune/Sangkat system being set up, external funds to this level were channelled off-budget as Local Development Funds.

²⁹ The most common types of small-scale public investments financed through funds for local investments are rural roads – mostly road improvements, schools, water supply schemes, and small-scale irrigation.

³⁰ The presentation draws on Tracey-White et al (September 2001) and (September 2002) unless otherwise stated.

even though the benefits from a commune road project obtained by an individual rural household is quite small (probably less than USD 10), it is still significantly more than the total of local contribution and participation time contributed to the project. This remains true even if the beneficiaries are assumed to bear (directly or indirectly) the maintenance costs and taking into account the high opportunity cost of money to rural people.³¹

In the areas with school projects, the number of classrooms increased by 71% (a weighted average of the findings in the two assessments). The new and renovated classrooms were accompanied by the provision of additional teachers (number of teachers increased by 72% on average). Thanks to new school constructions, student average journey time to school was also reduced by 30%. The access to education facilities for both male and female students thus improved, resulting in an increase in the number of students of 80% (71% and 91% for female and male students respectively). Further, the drop out rate decreased (by 56% for girls and 44% for boys).

Water supply schemes (lined ring wells and pump wells) have increased household access to water for household use. The distance for collecting water was halved or more, which in turn resulted in an increased number of buckets of water being collected every day (up by 12% and 25% in the 2001 and 2002 assessment respectively). Impact on health of the improved water supplies was not surveyed, due to lack of baseline data.

Irrigation schemes have most importantly improved the availability of reliable wet season water, enabling the planted area to be increased for both local and improved rice varieties. Yields for local varieties have also significantly increased (from 1 to 1.7 tonnes per hectare). The combined effect is a substantial increase in amounts of produce that is available either for family consumption or for sale in the market.

Four health centre projects were also surveyed in the 2002 assessment. Two of the facilities were new, and the others (one each) were renovation and expansion of an existing facility. Patient visits have increased more than fivefold with the average number of patients treated increasing from 6 to 30 per day. The most dramatic increase was for children followed by adult females. This increased patient coverage reflects both the increased availability of health staff at the centres and the almost halved average journey times to the health facilities.

All project assessments were partial, and it is likely that multiple effects will also arise as the local development plans are implemented over time. For instance, in communes with both school and road projects the positive impact on education may be expected to be stronger as both projects were found to have had a positive impact on access to education facilities.

Besides providing direct improvements in well-being, the physical investments played a crucial part in triggering bottom-up planning processes, aiming at providing people increased influence over decisions that affect their lives.

³¹ Ministry of Rural Development (2004) and Lebo and Schelling (2001).

In terms of the poverty dimensions in the NPRS (summarised above), the funds for local level development may thus be said to have contributed to improved opportunities, capabilities and potential for increased income. The assessments provide less evidence on contribution to reduced vulnerability though.

1.2.2 Structures and Mechanisms

An important contribution has come from the Seila Program working at the provincial level with line ministries and donors to develop new mechanisms and procedures for managing local development. The structures put in place have evolved in line with evolving government regulations and nationally approved institutional arrangements. At the commune level, the structures have thus developed from being parallel to becoming institutionalised following the establishment of the Commune/Sangkat Councils. At the provincial level, Seila has piloted horizontal structures to complement the inherited vertical lines of command. The Provincial Rural Development Committee (PRDC) and its Executive Committee (ExCom), both chaired by the Governor, are mandated by the government through sub-decree and the management systems used for programming, procurement, financing and reporting are approved by sub-decree and prakas. The structures and systems applied to both the PIF and for support to C/S Councils have contributed to enhancing horizontal transparency at the provincial level. Significant capacity has been developed through formal training and a learning-by-doing approach. Much as what happened at commune level, eventually laws and regulations will need to be developed to formally incorporate this experience into an institutionalised provincial management system.

Seila may be said to have had a profound and long-term impact on public administration and development in Cambodia, being instrumental in the design of the national decentralisation policy. Seila works on a structural level to strengthen local governance and to improve relations between local state, civil society and the private sector. Through Seila, bottom-up and participatory processes for development planning, financing and implementation have become a cornerstone of a government program.³²

The central feature of the decentralisation approach piloted by the Seila Program has been the introduction of five-year commune development plans (CDPs), leading to the preparation of three-year, rolling commune investment programs (CIPs). The CDP is prepared in 11 steps with strong emphasis on participation and bottom-up mechanisms. The planning process is initiated by the C/S Councils and implemented with the assistance of the Planning and Budgeting Committees (PBCs). Members of the PBCs are drawn from the villages – one man and one woman are to represent each village. In reality, however, women are often underrepresented or absent. Based on the CIPs, the communes each year select projects to be funded using the communes' allocations from the C/S Fund.

³² The decision taken in 2002 to expand the coverage of the commune planning system to include all 24 provinces and municipalities placed severe strains on a weak and already stretched decentralisation administration. Nonetheless, all 1,621 Communes/ Sangkats received basic training in the commune planning system and completed the planning process for 2003.

The innovation of the District Integration Workshop (DIW) provides an opportunity to co-ordinate the development planning of the Commune Councils and the provincial administration taking account of the local identified priorities and the needs of the poor. The MoP guidelines for the DIW highlight the strategic objectives and actionable measures in the APM of the NPRS. In addition guidelines have been issued requiring that the PIF be allocated as far as possible to projects that reflect APM/NPRS priorities. However, as mentioned above, the current NPRS is cast in such a broad perspective that most development actions may be seen as benefiting the poor either directly or indirectly.

Ensuring female participation in the local level planning processes has been a key feature and one woman and one man are to represent each village in the PBCs. In the elected commune councils, however, only 8 percent of elected commune councillors are female. One immediate measure promoted by the MoWA, adopted by the NCSC and already implemented has been the appointment of a Women and Children Focal Point in each C/S. In those C/S with at least one woman councillor, one is appointed for this purpose. In those cases where there is not a woman councillor, a woman is appointed for this purpose but without compensation and without voting rights. In the DIWs to date, men have almost exclusively represented the commune councils. Empirical evidence suggests that results in terms of actual and genuine influence and participation of women in the local development planning and budgeting processes are limited.³³ Further, there are also much fewer women than men in senior government positions at national and provincial level and thus within the Seila Program's management structures, which are based primarily on appointments. In the support structures below management level, where recruitment procedures apply, the gender balance is slightly better, but still far from giving women adequate representation.

In terms of poverty dimensions, these activities through the Seila framework may be said to have contributed to enhancing good governance through working on transparency, accountability (mostly horizontal), participatory processes, and demonstrating the benefits of predictability in disbursement of funds. They may also be said to have positively influenced social inclusion through opening up mechanisms for improving access to decision-making. Also gender inequalities have been addressed through activities through the Seila framework.

1.3 Planning and Monitoring Tools

One of the tools developed to assist the local planning process is the Commune Database (CDB). It contains a few simple indicators, which can be manually processed at the commune level. Specific changes to the indicators are under discussion between MoP and UNICEF to better reflect social development issues focused on by the Seth Koma program. From a strongly managed project specific database at province level, the CDB has gradually moved in terms of scope and purpose, to a MoP nation-wide information tool for planning and monitoring change in socio-economic conditions of villages and communes.

³³ Biddulph (November 2003).

In the most recent mission on monitoring it was clearly recommended not to use the CDB for monitoring poverty reduction, as it was not designed for this.³⁴ The CDB provide socio-economic information at the village level. For monitoring and evaluating pro-poor outcomes, household level information is required.

A socio-economic baseline survey was undertaken in 2003. It provides poverty-related disaggregated data at the household level in a sample of provinces combined with qualitative case studies on selected projects.³⁵ This holds the potential to contribute for continued tracking of welfare impacts over time (see further below).

1.4 Emerging Concerns from a Poverty Reduction Perspective

The Seila model places great emphasis on preparing commune plans through a participatory process. During the first two years of Seila Phase 1, 1996-2000, the focus of planning was at the village level through Village Development Committees (VDCs). Beginning in 1998, the focus moved up to the Commune Development Committees, which can be seen as forerunners of the C/S Councils. The shift of focus to the commune level has in turn caused debate on potential loss of scope for genuine villager participation and it still remains unclear to what extent ordinary people beyond village leadership are actually integrated into the process. Recent findings indicate a need for follow up measures in this respect.³⁶

Another emerging issue is that there is no evidence to suggest that planning outcomes have changed in addressing gender disparities. Recent findings seem to confirm the lack of real progress in terms of actual and genuine participation of women in the local development process. It was even found that women previously active under the Commune Development Committees (where membership was 50% women) are now left out. The unfortunate reality is that as female representation on the elected commune councils has been left up to the political parties, only a small fraction of elected commune councillors are women. It is extremely difficult for one single woman in a commune council to exert real influence on decisions. Women are thus not properly represented and participating in decisions on planning and budgeting, which is likely to deprive women from accessing services to cover their specific needs. The present arrangements are not conducive to gender equity and do not allow the community to benefit fully from the contribution women can and should make to local governance.

While field studies to date have provided scant evidence of elite capture, concerns remain as to what extent certain types of investments, such as income-generating agricultural activities, benefit the poor.³⁷ Field observations cited by the MTR team confirmed concerns as to which groups actually benefited. One example mentioned is an irrigation scheme in one province, which carried water directly to land farmed by the Commune Council Chairman, and households of other members of his family. Such examples are worrying, particularly in light of the extremely weak mechanisms

³⁴ Teas (2002).

³⁵ Helmers et al (November 2003).

³⁶ Biddulph (November 2003).

³⁷ Tracey-White et al (September 2001) and Tracey-White et al (September 2002). Also see Biddulph (November 2003).

for enforcing rights in Cambodia for those not well connected to influential power structures. This issue also relates to sense of accountability downward from the elected commune councils. Do they feel accountable primarily to the majority of their electorate or do they feel accountable to the poorer? Given that they are elected it is not reasonable to expect that their primary concern would be for the most vulnerable, and particularly not in light of inherited structures and strong informal power relationships. There is thus reason to follow up on the possibility to further develop available planning mechanisms to ensure that also the poorest in the villages are at least included among the beneficiaries.

The allocation of the PIFs follows guidelines issued by MoP around the district integration process. There is a certain built-in tension in the stated objectives. On one hand investments from PIF should be aligned to commune priorities and on the other the provincial level should have discretionary powers to make their own decisions. In a recent study³⁸ two extremes were found in the selected provinces. In some provinces it was stated that everything contributes to poverty alleviation and the PIF was allocated thinly across most provincial departments. This lacks an analytical and strategic approach, which could possibly be appropriate during a few initial years to provide incentives for working horizontally through PRDC and ExCom. In other provinces, the entire PIF was allocated to one or two major investments, one of which was in the provincial town, reflecting a complete disrespect for local/commune priorities. If there are for instance inter-communal aspects underlying provincial decisions that are not reflected in Commune/Sangkat development plans this should be clearly argued to the Commune/Sangkat Councils. It would need to be clarified which objective is the most important this point in time, and why it is deemed most important.

Efforts to improve on monitoring have been done but monitoring of outcomes at household level nevertheless remains a concern. So for instance, recommendations³⁹ on steps to take in order to move from a project database to an information system and to integrate with existing systems have not been followed through. There seems to be a tendency towards compartmentalised practices when it comes to monitoring. When it comes to monitoring outcome and impact it should be carefully discussed whether this is a task for an individual program or whether the program should be linked to on-going national efforts to build a more comprehensive national monitoring system. The baseline survey provides household level basic data, so does the community-based monitoring pilot and the nation-wide household surveys. In essence, the crucial question is whether the government should support continued household level surveys within its decentralisation and deconcentration framework, or focus on strengthening its NIS to perform its statistical duties in line with the Statistics Law.

2. Strengthened Pro-Poor Orientation of Decentralisation and Deconcentration through Seila Framework

As seen above, achievements through the Seila framework have contributed, at least to some extent, to poverty reduction on most dimensions of poverty in the NPRS. The discussion below intends to point to ways to further strengthen the poverty orientation

³⁸ Biddulph (August 2004).

³⁹ Teas (2002).

through the Seila framework. The goal should be to intentionally include the poorer segments of the population among the beneficiaries, and not be satisfied with a potential imminent poverty reduction outcome.

The discussion is structured firstly around the seven poverty dimensions of the NPRS (for definitions, refer back to chapter III section 2.3). Thereafter, contextual issues provide the starting point for the discussion. Recommendations for actions are included. A summary of recommendations by available mechanism is provided in the final section.

With an action-oriented approach the time frame by necessity becomes limited, and particularly so within a rapidly developing context as in Cambodia. It will be needed to regularly assess outcome of actions taken to identify emerging opportunities for further actions.

2.1 Dimensions of Poverty and Seila Framework

2.1.1 Opportunities

Even though assessments have largely confirmed that benefits from most investments reach also the poorer segment of the population, there are indications of elite capturing when public funds are used for less general investments, such as irrigation schemes or wells within villages. In these cases it becomes particularly important to identify not only the number of beneficiaries (current practise) but also specifying who they are - to which segment of the village/commune they belong to. The problem of elite capturing may be expected to increase when the size of funds increases, and thus scope of investment opportunities expands.

Frequently, indirect benefits for the poor are claimed from these kind of productivity-enhancing investments. However, this will only come true if income-earning opportunities are generated, and if these are offered to the poorer in the community on non-exploitative terms. It would need to be validated whether this actually happens, i.e. whether benefits actually do reach also vulnerable and poor households either directly or indirectly, or whether it may be more appropriate for some income-enhancing investments not to be done using public funds but rather through providing access to credits. This is a serious concern in the light of the on-going land-accumulation process with an emerging situation of scarcity of cultivable land for small-scale farming mainly for survival purposes. It is, therefore now timely to assess whether the so-called indirect benefits to the poor have actually taken place from schemes where this is expected to be the outcome. Findings from such a study will provide valuable insights for the design of investments schemes eligible for financing through the scarce public funds.

Concerns regarding access to benefits are valid also for community forestry or fishery and the selection of who will be included in the user groups and not. If participation and/or membership in the community groups require financial inputs there will be a selection process in which the poorer cannot participate due to lack of resources, unless they are exempted from fees (see further below under social exclusion).

There thus needs to be a tool at the commune and village levels to be able to follow up on beneficiaries to ensure that the most vulnerable are being included. Seila should not embark on developing its own separate mechanism for this but rather build on existing experience. Experiences covered should include the processes used to support decentralisation and deconcentration prior to the establishment of the commune councils. Other pilots to learn from are the on-going Most Vulnerable Families (MVF) listing in Kampot and Kampong Thom.⁴⁰ These two pilots take somewhat different approaches with no explicit benefits directly attached to being on the list in Kampot, whereas the pilot in Kampong Thom is for targeting of social transfers. Both pilots are provided rather extensive technical assistance from GTZ, which will not be replicable all over Cambodia. Experiences from attaching benefits to listing poor and vulnerable households have further been gained within the education and health sectors, working on identifying poor households to be exempted from fees through equity funds.

It would be good to pilot (through the NCSC process) a type of most vulnerable household self-selection process, as an integral part of the commune development planning process, in provinces where support through Seila has been provided for a longer time and where the capacity thus should be expected to be more deeply rooted. The follow-up would need to be tight during the pilot. One concern to follow up on would be to ensure that the list is not manipulated, an issue that would become more pressing whenever benefits are attached to being on the list. Seila should not initiate any pilot without consulting closely with technical staff working on this within health and education.

Recommended Actions:

- ✓ The current requirement to identify number of beneficiaries in the planning process should be expanded to include an assessment of exactly who these are.
- ✓ Assess whether indirect benefits for the poor actually emerge from schemes that directly benefit better off groups.
- ✓ Pilot the inclusion of an assessment of which households in each village are the most vulnerable through a simple wealth-ranking procedure as an integral part of the C/S planning process in a few selected provinces.
- ✓ Evaluate the usefulness of experiences within health and education sectors on criteria and process for equity funds.

2.1.2 Capabilities

Access to basic services is an important ingredient to improve people's capabilities. It is therefore particularly important to ensure that services are delivered also to the poorer areas of the province and in the communes, just as it is important that it reaches also the poorer segment within the villages. A strong signal should therefore be sent to all levels within the administration that intentional poverty reduction is at the core of development. As level of funds made available to the commune and provincial levels increases, this becomes increasingly important.

⁴⁰ For further details, see GTZ (2004) and Lanjouw (February 2004) respectively.

Consequently, the PIF allocation formula from national to provincial level should be revised to include a poverty component based on share of population living in poverty. In turn, priority should be given to poorer communes and villages by provincial departments when implementing the PIF, while the opposite seems to prevail (see further below under vulnerability). Poorer communes should also get a larger share when allocating the C/SF.

As regards ensuring that the poor are included among the beneficiaries at commune and village levels, see above under opportunities.

Recommended Actions

- ✓ Revise the PIF allocation formula from national to provincial level to include a poverty component based on share of population living in poverty.
- ✓ Revise the allocation formula for C/SF to be given a stronger poverty component.

2.1.3 Social Exclusion

Having the capacity and being allowed to participate in the participatory processes has been identified as prerequisites for decentralisation and deconcentration to be successful in contributing to poverty reduction. This requires that interested citizens have access to both channels for accessing information, channels for claiming rights, and enforcement mechanisms. To be included in processes is not least of importance when it comes to accessing scarce resources for enhancing opportunities and capabilities (discussed above under opportunities).

The planning processes introduced are participatory. Signs are, however, that the poorer participate the least and also have least information on what is going on within the community.⁴¹ As part of the C/S reporting system, there is an obligation for the C/S Council to provide an update to the people living in the C/S on some key C/S Council activities. Implementation of this stipulation is, however, weak. Information boards are available in some communes but far from all. They would further only be accessible to those able to read Khmer and living close, or having the time to travel to have a look.

There would be a role for civil society to play here to support communities, or groups within the communities, to articulate demands to their leadership and claim rights. There is, however, no genuinely vibrant civil society spread across the country in Cambodia. The objective for Seila includes working in partnership with civil society. NGOs are also involved with government in for instance capacity building of local level government and as a partner in service delivery. However, there seems to be considerably fewer when it comes to more genuinely community-based organisations functioning as pressure groups to advocate the interests of the poor. By definition, if they are formed by poor people such groups will have very limited resources at hand. Findings also indicate that such groups are less welcomed by government institutions.⁴² When formulating a potential next phase of support to the continued decentralisation and deconcentration reform process, explicit reference should be

⁴¹ Biddulph (November 2003).

⁴² Hughes and Conway (2004).

made on how to support the strengthening of social capital and truly community-based organisations and civil society. The aim should be to strengthen channels for the poor to access information and to advocate, claim and enforce their rights, with a view to further strengthening bottom-up processes. One effort to map truly community-based organisations to build on is currently being made by Danida in relation to their work on national resources.

User groups also constitute an option as a means to building social capital. There are, however, also risks associated with the formation of strong user groups. It would therefore be important to follow up that user groups are not captured by the better off and becoming inaccessible to those that may need them the most. If membership fees are required this will in itself be a selection criteria that works against the poorer. One way to make use of a MVF listing would be for instance to ensure that poor households are also included (exemption from fees would also be an option, but would then face the types of problems faced within health and education, see further above under opportunities). Once the user groups have been formed and benefits are visible there is a risk that they will not be willing to extend membership to new entrants but instead close their ranks to protect their own interests.⁴³

The issue of social exclusion also includes gender aspects in societies where women discriminated against (see below under gender disparities).

Recommended Actions:

- ✓ Place greater emphasis on the obligation of the commune councils to reach out with information. This would include looking at means beyond an information board.
- ✓ Include explicit reference on how to build social capital and strengthen community-based civil society when formulating a next phase of support to D&D.
- ✓ Follow up on whom actually becomes a member in community and user groups to ensure that the poor are not systematically excluded.

2.1.4 *Good Governance - accountability - transparency - participation - predictability*

The DIW provides opportunity to improve transparency and demand accountability on behalf of the provincial departments and downwards. The DIW is an opportunity for line departments to better inform the communes about national strategies and appropriate technologies and for the communes to better inform the departments about local priorities. This, however, requires appropriate representation from the line departments to be able to respond to questions from the commune representatives and provide information on reasons for priorities. It requires the participation of someone with adequate insight in the allocation process to be able to explain the rationale and analysis underlying choices made by the provincial department and in particular so if the choices are not responsive to commune priorities.

The PIFs are allocated to the provincial level to further support local level development. Guidelines for the PIF are issued by MoP around the district integration

⁴³ Social capital as bonding, bridging or linking is discussed in e.g. Manor (March 2004).

process. In the guidelines it is mentioned that they should be used with a focus on poverty alleviation and that they should be aligned with commune priorities. The district integration process is the mechanism for aligning provincial and commune level investments. In cases where the provinces wish to use the PIF for investments not identified by the communes as priorities there is thus a conflict of interests and a trade-off between allowing discretionary powers to the provincial level and being responsive to community priorities. In this trade off, preference should be given to supporting the bottom-up planning process introduced. The Commune Councils are comparatively recent institutions and they need to be able to "deliver" on community priorities to gain credibility. Further, communities need perceive that it is worthwhile spending time and energy participating in planning processes. The revised district integration guidelines are expected to promote responsiveness to commune level priorities as the District Priority Activities Matrixes (DPAMs) are now to be studied before deciding on use of the PIF.⁴⁴

There may nevertheless be well-founded grounds for the province to choose alternative allocation of the PIFs. There are, for instance, inter-communal issues that will not be attended to by any commune in isolation but that may be addressed by the provincial departments through their implementation of PIF. In such cases it is, however, of utmost importance that the underlying reasoning is clearly informed to the communes during the DIW. In one province (Kandal) it has also been piloted to gather representatives from all Commune/Sangkat Councils within one district to facilitate the preparation of a district development plan based on the commune development plans. Such a process, if facilitated by a qualified person and by using a simple SWOT analysis⁴⁵, may contribute to broadening the views at the commune level. In any case, the choices made for use of PIF should always be made with a poverty reduction view. Currently a sub-set of the Action Plan Matrix (APM) of the NPRS is used to guide on poverty alleviation. Given the lack of prioritisation of the APM it does, however, not provide much guidance. Rather, it would be merited to start capacity building among the provincial leadership to enhance their analytical understanding of what is and what is not pro-poor use of funds, and what is their own role in a development path with poverty reduction at the core. Such training should firstly be offered to the provincial governors as they guide and influence the PIF allocation process (possibly in cooperation with CDRI and their research team on decentralisation and deconcentration, which includes research on poverty aspects). It should then be expanded to include PRDC and ExCom members.

Monitoring and evaluation of distributional outcomes of policy choices may also be seen as a governance issue. Properly done it will provide the basis for informed decision-making to maximise the poverty reduction effects of decided upon activities. It needs to be continuously assessed that the poorer segments are not systematically by-passed in the development process. There is currently a lack of solid instruments for this (see further below under income/expenditure).

⁴⁴ As opposed to the previous practice of consulting the DPAMs only after an initial decision on the implementation of the PIF had been taken.

⁴⁵ An analysis of Strengths, Weaknesses, Opportunities, and Threats.

Recommended Actions:

- ✓ The guidelines for the PIF around the district integration process should be reviewed to:
 - specify that the provincial departments should be represented at the DIW by a person at adequate level and with adequate insight in the allocation process.
 - include a strong recommendation on improving transparency and accountability on behalf of the provincial departments and downwards.
 - include an obligation of provincial departments to inform the communes of their assessment underlying their decisions on use of PIF – and particularly so if the commune priorities are not supported.
 - include an obligation of commune representatives to demand accountability regarding the non-fulfilment of last year's commitments as expressed in the temporary agreements.
- ✓ Provide the opportunity for provincial governors to participate in governor's workshop to discuss understanding of pro-poor investments and their own role in pro-poor development. Extend this opportunity to PRDC and ExCom members if found useful.

2.1.5 Vulnerability

Findings indicate that there is a negative correlation between remoteness and poverty on one hand and share of PIF implemented in the district/communes on the other hand.⁴⁶ One explanation given is that the provincial departments do not want to go to remoter areas and these areas thus received less than their share of investments. This indicates that those already vulnerable due to physical isolation will be lagging even further behind. Pro-active measures must therefore be taken to promote a more equitable use of the PIF funds. The guidelines on PIF have this year been revised to clearly indicate that provincial line departments should target poorer and remote communes when implementing the PIF funds. When allocating from national to provincial level a poverty component based on population share living in poverty should be included. This is particularly timely as the results from the on-going household survey are expected in time for next year's (2005) allocation of the PIFs.

Another type of vulnerability is found among the urban poor. The view on urban poor differs from the view on rural poor. Rural poor are explicitly seen as the target group for rural development, whereas urban poor are seen as an obstacle to urban development. There are a number of lessons from the previous Phnom Penh Urban Poverty Project (PPUP) that will be valuable for Phnom Penh Communes/Sangkats to learn.⁴⁷ MoUs have been signed between the previous PPUP and the Municipality of Phnom Penh but the implementation seems to be slow. As acknowledged already within Seila, there is a need for different planning tools for urban Communes/Sangkats. This will have to be an issue as part of the planning for a next phase.

⁴⁶ Biddulph (August 2004).

⁴⁷ SPM Consultants (June 2004).

Recommended Actions:

- ✓ Revise the PIF allocation formula from national to provincial level to include a poverty component based on share of population living in poverty.
- ✓ Closely follow the outcome of this year's revision of guidelines on targeting poorer and remote communes when implementing the PIF funds.
- ✓ Follow up on obstacles to the implementation of the MoU between the previous PPUP and the Municipality of Phnom Penh.

2.1.6 Income / Expenditure

Increased incomes and expenditures at the household level are expected to reflect an overall positive outcome from development. Calculations based on household survey information provide an opportunity to monitor that all segments of the society do get better off. The poverty line is derived from such information, and percentage of households below it is the most commonly used indicator to measure progress and trend in poverty reduction.

Impact monitoring and evaluation is a hard skill to develop and is also one of the weaker components within the current Seila framework. In the most recent mission on monitoring and evaluation in 2002, it was argued that the CDB is not suitable for monitoring outcomes and impacts (see chapter IV, sections 1.3 and 1.4 above). This is also the view of this consultant. Defining proper institutions and mechanisms for impact monitoring and evaluation should be an integral part of the planning for the coming phase of support to decentralisation and deconcentration reforms and money should be earmarked for this purpose. Emerging institutions to set up a monitoring system around the NPRS should be used for this purpose and efforts should be strong to counteract tendencies towards compartmentalised behaviour when it comes to impact monitoring and evaluation.

Measures should be initiated within the current framework to pave the way for improved monitoring and evaluation of outcomes and impacts during a potential next phase of the support framework. One experience to assess is the systematic work being done within the one of the IFAD-funded projects. The CMBS pilot is another option. Currently one staff from STFS is participating in the supervisory team on the CBMS pilot but this assignment does not seem to be viewed as prioritised. It would be recommended to take a more pro-active role in this work including active involvement in the discussion of results, subsequent recommendations and possible revision of questionnaire following the findings from the first pilot (expected towards end of 2004). The pilot opens up the opportunity for partners working through the Seila framework to closer cooperate on household level monitoring of outcomes and impact, rather than developing own systems. It would, for instance be possible to add specific modules in specific provinces where specific issues are addressed, such as Danida CCB-NREM or UNICEF Seth Koma.

It is difficult to isolate the direct contribution to overall development from any particular development intervention. No single intervention can in itself be expected to account for positive overall welfare increases. Rather, each intervention may be expected to contribute to positive dynamic processes, which will in turn lead to a

reduction in poverty. Whereas continued assessment of the effects of specific interventions will be important to monitor on issues such as elite capturing or extent of inclusion in processes of weaker groups, they do not serve as sole instruments of impact evaluation. The recent baseline survey provides household level data as well as assessment of cases. However, in light of the efforts to introduce a national system for regular household level surveys within the NIS, including the above mentioned CBMS, it is recommended to closely discuss with statisticians involved with NIS on how to best move ahead in order not to overlap but complement.

Recommended Actions:

- ✓ Efforts should be continued to ensure reliable information in the CDB for well-informed planning.
- ✓ It should be clarified to all stakeholders that the CDB is not suitable for monitoring outcomes and impacts of interventions.
- ✓ Ensure that household level monitoring of outcomes and impact becomes an explicit component in the planning of continued support to decentralisation and deconcentration post-2005 and in line with monitoring structures around NPRS.
- ✓ Place stronger emphasis on participating in the on-going CBMS pilot, with a view of PLG financing continued pilots in a few more communes.
- ✓ The baseline survey should be discussed with statisticians involved with NIS before being repeated.

2.1.7 Gender Disparities

A participatory planning process is at the core for empowering communities to be in a position to demand their rights. The planning process is initiated by the C/S Council, and implemented with the support of the PBC. It thus becomes utterly important to fulfil the criteria to have a proper gender representation from step one at the PBC level, and through the entire decision-making process. Currently this is not the case, as it seems that women are seriously under-represented in the PBCs of many communes. At higher levels of the decision-making process even less women are appointed to represent their commune. A process that excludes 50% or more of the population from participating from the very first step cannot credibly be viewed as participatory. There are, however, also examples of communes that have taken the decision to send one man and one woman to represent them at the DIW, which should be commended. Unfortunately, more frequently it is reported that no woman was representing the commune level. The recently revised district integration process guidelines for this year explicitly mention that the C/S Women and Child Focal Person shall attend the DIW, that is one woman from each commune.

It is frequently argued that even though women are appointed to the PBC and other decision-making bodies they do not participate in meetings. There is a need to assess whether this is the case or not. If so, efforts should be made to identify means to addressing the obstacles. The on-going household survey includes a time use module, which may provide useful information to build on for this purpose.

Women will never be in a position to be empowered to safeguard their interests if interested women are not given the opportunity to participate in decision-making processes and access information at various levels. Many issues that are of particular

importance to women will also not be properly discussed in the planning process. So far, efforts through the Seila framework have largely focussed on awareness raising, capacity building, and training on gender mainstreaming issues. It is recommended to move to a more action-oriented approach to gender disparities. Introducing economic incentives would be one such measure. This could, for instance, be done through accounting for the inclusion of women in the decision-making processes in the C/S Fund allocation formula.

The future stronger emphasis on monitoring outcomes and impact at household level in communes (discussed above) should be engendered. Work on engendering statistics has already been initiated by the MoWA in cooperation with NIS and gender aspects have been included in the on-going household survey.

Recommended Actions:

- ✓ Enforce the set criteria to appoint one woman from each village to the PBC without further delays and place stronger emphasis on identifying and addressing obstacles to women's participation in PBC meetings
- ✓ As a next step, one out of two commune representatives in the DIW should be a woman from either the Commune Council or the PBC rather than one woman from each commune.
- ✓ Revise C/SF formula to account also for the inclusion of women in the decision-making processes.
- ✓ Ensure that monitoring and evaluation of outcomes and impact properly captures gender aspects.

2.2 Contextual Opportunities and Pilots

There are a number of on-going processes, which to a more or lesser extent will influence a continued Seila framework (see above in chapter III). The most obvious and immediate is the process to formulate the government's consolidated vision for way forward in decentralisation and deconcentration, which is expected to provide a clearer base for planning future support.

Other processes offer an opportunity for the government to feed experiences gained within the Seila framework into future strategies and monitoring tools. One such is the process to prioritise APM/NPRS activities. Another is the formulation of the post-2005 development strategy for Cambodia.⁴⁸ Both these processes would benefit from active participation from STF member representatives to feed in valuable experiences gained through the Seila framework. Given the compartmentalised working practices within the Cambodian civil service, it will not suffice to rely on general participation from the member ministries (as seen above both processes are progressing slowly due to slow response from line ministries). It should be discussed within the STF on how to be properly represented in order for relevant decentralisation and deconcentration issues to be reflected in the forthcoming strategy and to support the much-needed work to prioritise the APM. This would include a reflection on how a stronger

⁴⁸ Expected to be a merger of the current SEDPII, NPRS and CMDGs (discussed above Chapter III, section 1.3).

participation from the sub-national levels could be achieved.⁴⁹ The current NPRS was largely formulated at the national level including certain dissemination workshops at provincial level. Sub-national level knowledge of the NPRS and support to its implementation is weak. A third process is the establishment of a national poverty monitoring and evaluation system, which was included in the discussion above under income and expenditure.

A process holding the potential to strengthen the work through Seila framework is the PFMP. If successful, it will support a predictable and reliable disbursement of C/SF, which is essential for efficient implementation of plans and for supporting the local level planning processes. Communities will not continue spending time and efforts on planning processes if they do not find it worthwhile. In the longer perspective the PFMP will also provide a necessary basis for deconcentration to be efficient. The planning of the PFMP is to evolve over time and to be informed by empirical findings. The predictability of the PIFs and the comparative transparent allocation process at the provincial level may serve as an input to the PFM program and future decisions on intergovernmental transfers to the provincial level. The Seila framework should use this time to launch a few pilots within areas that may directly inform the government's PFMP process about what works and what does not work. It may for instance be advocated to pilot the transfer of government funds to some provinces through commercial bank accounts such as for PIF funds and vice versa, to allow PIF funds for some provinces to be transferred through the Treasury to provide comparative results for decision-making.

Transparency is essential from top down. By ensuring a discussion takes place between Seila and national level ministries on the PIF allocation, an entry point would also be provided for discussing on how to possibly align PIF with operational funds to the provincial departments from each national ministry. As mentioned above, line ministries do not feel on board as the PIF funds are transferred off-budget and bypass the national ministerial level. Pro-active efforts should be continued and strengthened on this issue. One example would be to discuss how to improve the quality of the Commune Data Base by using available provincial planning capacity, financed through operational budget from national level, to strengthen their monitoring of process in the communes/villages. The results from the expenditure tracking exercise within education would also provide an additional entry point for discussing how PIF funds may complement and support increased efficiency within the education sector. A similar exercise is planned for the health sector. Based on the outcome of such discussions with line ministries pilots could be planned earmarking PIF funds for improving the basic social services delivery in some provinces. Close coordination with line ministries is essential to achieve complementarities to other resources. Line department capacity and performance needs to be taken into account and such pilots must link well with existing programs that are operational.

One crucial pilot should be to earmark funds under PIF to line departments to be directed to poorer remote communes in the province. This would include a discussion on the basis for selection of these communes. It is important not to distinguish between use of funds for social and economic purposes. If for instance, only social investments are to be earmarked for the poorer communes this will need to be

⁴⁹ See also above on analytical capacity building around the provincial PIF process (Chapter IV, section 2.1.4).

accompanied by an earmarking for share of PIF to go to social investments. If not, there is an obvious risk that social investments will be "avoided" given that the provincial departments do not wish to go to the poorer communes, which are often also the remoter ones.⁵⁰

Recommended Actions:

- ✓ Active participation in the process to revise the APM and in the process to formulate the post-2005 development strategy. Seek ways to strengthen sub-national participation in these processes.
- ✓ Active interaction with the PFMP process, including the piloting of channelling government funds to some provinces in line with the PIF procedures and vice versa, allowing PIF funds for some provinces to be transferred through the Treasury to provide comparative findings.
- ✓ Take measures to provide incentives to improve the linkage between PIF and other provincial funds.
- ✓ Certain earmarking of PIF should be piloted – e.g. certain share to be directed to poor and remote communes in the province, certain share to social sectors in close cooperation with line ministries to.

⁵⁰ In the recent study on PIF funds commissioned by the PAT team it is recommended to apply pro-poor criteria only for social investments.

V RECOMMENDATIONS IN SUMMARY

In this section, the recommendations for actions within the Seila framework arrived at through the analysis above are summarised by proposed mechanism.

Commune/Sangkat Planning Process:

- ✓ The current requirement to identify number of beneficiaries in the planning process should be expanded to include an assessment of exactly who these are.
- ✓ Pilot the inclusion of an assessment of which households in each village are the most vulnerable through a simple wealth-ranking procedure as an integral part of the C/S planning process in a few selected provinces.
- ✓ Evaluate the usefulness of experiences within health and education sectors on criteria and process for equity funds.
- ✓ Include explicit reference on how to build social capital and strengthen community-based civil society when formulating a next phase of support to D&D.
- ✓ Enforce the set criteria to appoint one woman from each village to the PBC without further delays and place stronger emphasis on identifying and addressing obstacles to women's participation in PBC meetings

Commune/Sangkat Fund:

- ✓ Revise the allocation formula for C/SF to be given a stronger poverty component
- ✓ Revise C/SF formula to account also for the inclusion of women in the decision-making processes.
- ✓ Place greater emphasis on the obligation of the commune councils to reach out with information. This would include looking at means beyond an information board.
- ✓ Follow up on whom actually becomes a member in community and user groups to ensure that the poor are not systematically excluded.
- ✓ Follow up on obstacles to the implementation of the MoU between the previous PPUP and the Municipality of Phnom Penh.

District Integration Process (including DIW):

- ✓ As a next step, one out of two commune representatives in the DIW should be a woman from either the commune council or the PBC rather than one woman from each commune.
- ✓ Other recommendations related to the district integration process are included below under the PIF.

Provincial Investment Funds (PIF):

- ✓ Revise the PIF allocation formula from national to provincial level to include a poverty component based on share of population living in poverty.
- ✓ The guidelines for the PIF around the district integration process should be reviewed to:
 - specify that the provincial departments should be represented at the DIW by a person at adequate level and with adequate insight in the allocation process.
 - include a strong recommendation on improving transparency and accountability on behalf of the provincial departments and downwards.
 - include an obligation of provincial departments to inform the communes of their assessment underlying their decisions on use of PIF – and particularly so if the commune priorities are not supported.

- include an obligation of commune representatives to demand accountability regarding the non-fulfilment of last year's commitments as expressed in the temporary agreements.
- ✓ Closely follow the outcome of this year's revision of guidelines on targeting poorer and remote communes when implementing the PIF funds.
- ✓ Take measures to provide incentives to improve the linkage between PIF and other provincial funds.
- ✓ Certain earmarking of PIF should be piloted – e.g. certain share to be directed to poor and remote communes in the province, certain share to social sectors in close cooperation with line ministries to.

Monitoring and Evaluation:

- ✓ Commune Data Base (CDB):
 - efforts should be continued to ensure reliable information in the CDB for well-informed planning.
 - it should be clarified to all stakeholders that the CDB is not suitable for monitoring outcomes and impact of interventions.
- ✓ Ensure that household level monitoring of outcomes and impact becomes an explicit component in the planning of continued support to decentralisation and deconcentration post-2005 and in line with monitoring structures around NPRS.
- ✓ Ensure that monitoring and evaluation of outcomes and impact properly captures gender aspects.
- ✓ Place stronger emphasis on participating in the on-going CBMS pilot, with a view of PLG financing continued pilots in a few more communes.
- ✓ The baseline survey should be discussed with statisticians involved with NIS before being repeated.
- ✓ Assess whether indirect benefits for the poor actually emerge from schemes that directly benefit better off groups.

Pro-poor Analytical Capacity Building:

- ✓ Provide the opportunity for provincial governors to participate in governor's workshop to discuss understanding of pro-poor investments and their own role in pro-poor development. Extend this opportunity to PRDC and ExCom members if found useful.

Interaction with development context for poverty reduction:

- ✓ Active participation in the process to revise the APM and in the process to formulate the post-2005 development strategy. Seek ways to strengthen sub-national participation in these processes.
- ✓ Active interaction with the PFMP process, including the piloting of channelling government funds to some provinces in line with the PIF procedures and vice versa, allowing PIF funds for some provinces to be transferred through the Treasury to provide comparative findings.

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Terms of Reference

Project Number:	CMB/01/007
Project Title:	Partnership for Local Governance
Consultancy:	Strategic Response to Poverty Alleviation through the Seila framework
Budget Line:	CMB/01U01-BL 1105 (PERINT OUTPUT5)
Location:	Phnom Penh and selected provinces, Cambodia
Duration:	40 days between mid-June and end-July

Background and Context

The Seila Program is a national effort to achieve poverty reduction through improved local governance. It is the collective responsibility of an inter-Ministerial body⁵¹, the Seila Task Force. The coverage of the program has gradually increased, starting in 1996 with 5 provinces and 20 communes, and reaching all 24 provinces/municipalities and 1,621 communes/sangkats by mid-2003.

The Government has embarked on a reform program in the areas of public administration, finance and economic management, law and judiciary, the police and military, all within an overarching goal of good governance and poverty reduction. The Government has acted upon policy commitments to decentralization and deconcentration, and laws to implement these commitments have been enacted, or are under preparation.

The first phase of the Seila Program, 1996-2001, was characterized as an experiment in decentralized and deconcentrated management, planning, financing and implementation of local development. The Seila Task Force was charged with authorizing and guiding the experiment. Combining formal training and an approach of learning-by-doing, systems were designed, implemented, evaluated and amended each year for four successive years through broad participation and consensus building between provinces, and between provinces and Ministries, in order to develop an effective model of decentralization based on experience.

Having demonstrated the benefits and feasibility of decentralization to senior national authorities, particularly from the Ministry of Interior, the Ministry of Economy and Finance and the Council for Development of Cambodia, a second phase of Seila was formulated with specific support from Sweden at the same time as the initial drafting of a Commune Administration Law commenced. The second phase of Seila, 2001-2005, was therefore designed in the knowledge that decentralization would be adopted as national policy and that this would require a substantial transition in the nature and role of the Seila Program itself. Approved by the Council of Ministers in early

⁵¹ They are: the Ministry of Economy and Finance (MOEF); the Ministry of Planning (MOP), the Ministry of Interior (MOI), the Ministry of Rural Development (MRD), the Ministry of Women and Veteran Affairs (MWVA), the Ministry of Agriculture, Fisheries and Forestry (MAFF), the Ministry of Water Resources and Meteorology (MWRM) and the Ministry of Social Affairs (MOSALVY). The Ministry of Land Use, Urban Planning and Construction (MLUPC) and the Ministry of Environment (MOE) will join the Seila Task Force in 2004.

January 2001, Seila is now characterized as a resource mobilization and coordination framework for support to decentralization and deconcentration policy reforms.

As stated in the Seila Program Document, 2001- 2005, the Seila program will develop strategic responses to three cross-cutting issues: poverty alleviation, gender mainstreaming and natural resource and environment management (NREM). Progress has been made on gender mainstreaming and NREM and the following rationale provides a summary of the status of the program's strategic response to poverty alleviation.

Rationale

The Seila Project Document 2001-2005 states: *"The Royal Government is currently finalising two key strategy documents outlining the RGC poverty alleviation strategy. With the support of the World Bank, an Interim Poverty Reduction Strategy Paper (PRSP) will analyse the key elements of poverty and review strategies and achievements to date. Based on this analysis, a strategy and key objectives for poverty reduction will be developed and a workplan prepared to operationalise the strategy and achieve the objectives. The second document is the Socio Economic Development Plan II 2001-2005 (SEDPII) being prepared with the support of the Asian Development Bank. The SEDPII will outline the RGC priorities for public investment in all sectors for sustainable economic growth and poverty alleviation. It is expected that both documents will be finalised early in 2001. In 2001 the STF will review the Seila current investment strategy and seek to align this with the PSRP and SEDPII strategic directions"*.

The finalization of the PRSP, the development and approval of the National Poverty Reduction Strategy (NPRS) and the clarification of the relationship between the NPRS, the SEDP and the MDGs took longer than originally estimated, extending through to 2003. The Seila/PLG Mid-term Review, undertaken in late 2003, reviewed the commitments made in the Seila Program Document above and strongly recommended that Seila follow through, and develop its strategic response to poverty alleviation in line with the NPRS.

1.1. Objective of the consultancy

The objective of this consultancy is the formulation of a strategy to strengthen poverty alleviation in the Seila Program. The consultant will :

1. Provide a brief descriptive overview of the Government's poverty policies and statements with an emphasis on the NPRS.
2. Provide a descriptive overview of the work to date in the Seila Program on poverty alleviation and describe any links to NPRS.
3. Provide a detailed outline for approaches within the decentralization and deconcentration reforms, which can be supported by the Seila program and future support programs, to field test, implement and augment RGC poverty policies.

This consultancy will be implemented in close coordination and collaboration with a second consultancy, financed by the Permanent Advisory Team, which will focus on the design and performance of the 2003 Provincial Investment Fund in relationship to poverty alleviation.

Tasks and Methodology

Related to Objective One

- 1.1 Following a desk analysis of relevant documents and consultations, write a brief overview of the poverty situation in Cambodia. In addition, assess the suitability of the RGC working definition of poverty alleviation, as stated in the NPRS, for use in the context of the decentralization and deconcentration reforms.
- 1.2 Following a desk analysis of relevant documents and consultations, write a summary of the Government's policy statements and policy documents on poverty alleviation, with an emphasis on local government reforms as a crosscutting issue. Also provide an analysis of the limits associated with the NPRS in terms of local government reforms.

Related to Objective Two

- 2.1 Describe the links between the Seila Program resource mobilization, coordination and programming framework and the RGC policy on poverty alleviation with an emphasis on NPRS. Include in this the work done on national formula for provincial investment fund and C/S Fund allocations. Provide recommendations on national programming and allocation processes and formulas.
- 2.2 *Commune/Sangkat:*
Review existing documentation on: a) the format, guidelines, process and results of Commune/Sangkat Development Planning in 2002/03; b) analysis of CS Fund investments; c) analysis of response by government/agencies to CS priorities through DIW process; d) C/S Council partnerships with NGOs; e) Commune involvement in support of line agency and NGO programs; and f) early work undertaken by C/S Councils in some provinces on targeting of poor households. Based on this review describe the strengths and weaknesses within the current decentralized regulatory framework from a poverty alleviation perspective.
- 2.3 Describe the relationship between the socio-economic baseline undertaken in 2003 of C/S investments and future follow-up studies of the baseline in terms of contributing to dialogue on poverty.

Related to Objective Three

The tasks under objective three will be drawn out of the description and analysis provided under objectives one and two and these tasks will result in a framework for action in the strategy which specifically relate to poverty alleviation actions which can

be piloted and implemented to strengthen the RGC's poverty alleviation goal and the NPRS.

3.1 *National:* The Seila Program is due to end in 2005, and a formulation process is underway for future donor support to the Government's local government reforms. Therefore the task related to objective three at the national level is to describe how the Seila Program can respond to the government's poverty policy platform until the end of 2005, as well as provide some scope for future support programs to local government reforms. It will be important not to develop another poverty alleviation policy but rather to describe how the donor support to these reforms can link with and help operationalize the existing policies, and in particular the NPRS.

3.2 *Province:* The key tasks at the province level under objective three will be twofold. The first task will be to further describe and recommend how to improve from the analysis of tasks 2.1/2 above and in particular the following: a) PIF allocation formula, national and provincial and further describe how to link the PIF allocation process with NPRS and how to monitor the same. b) Describe a methodology and the proposed reports from using the Commune Development Planning Database (CDPD) for tracking NPRS related activities from PIF as well as temporary agreements from the District Integration Workshops (DIWs).

The second task at the provincial level will be to explore the rationale for using a proportion of the PIF investments for certain sectors, for example health and education to either specifically target vulnerable groups with specific pro-poor interventions. In addition to describe interventions for field testing and detail how such interventions could be operationalised.

3.3 *Commune/Sangkat:*

Based on the analysis described in 2.2 above, formulate recommendations on practical measures that may be undertaken to enhance the role of local governments in poverty alleviation.

3.4 Describe a formative follow-up process for the 2003 SE baseline survey which includes the dissemination of findings to local governments and local level poverty forums.

Methodology for all objectives

The Consultant will work in close collaboration with the Seila Task Force Secretary General, the Seila Task Force, relevant NCSC Ministries, donors involved in poverty policy/assessment, the CDRI Program Manager for Decentralisation and PLG staff.

The consultant will not be collecting primary data, but rather undertaking desk analysis from existing reports and data sets.

Expected Outputs

1. The consultant will prepare an Inception Report within 10 days of commencement of the assignment, outlining the Consultant's interpretation of the TOR, detailing modifications proposed and agreed with the STFS, a program of work including feedback to the STFS and a proposed outline of the Seila strategic response to poverty alleviation paper. This will be submitted to the STF Secretary General and PLG Senior Program Adviser for approval/discussion. Changes in the work plan and schedule can be made after consultation and agreement with the PLG Senior Program Adviser and STF Secretary General.
2. A mission report in the UNOPS format on completion of the assignment with recommendations and conclusions. A consolidated draft and final report of each of the above tasks will be prepared in English and Khmer and data will be provided to the Seila Task Force and UNOPS on diskette. A concise executive summary of the findings and recommendations should be included in the report. The Consultant will present the findings to the Seila Task Force and Technical Support Staff to Seila towards the end of the consultancy.
3. The final report will be provided in English and Khmer. Copying and distribution of the final documents is the responsibility of UNOPS, with distribution through STF.

Background documents

- Seila 2001-2005. Program Document, Seila Task Force.
- John Tracey White and Robert Petts. Study into the Socio-Economic Impact of the Local Development Fund/Local Planning Process 1996-2000, September 2001.
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- Kent Helmers and Pia Wallagren. Baseline Survey for Commune Council Infrastructure Investments, UNOPS/STFS, November 2003
- Caroline Hughes and Tim Conway. Understanding Pro poor Political Change: the Policy Process, Overseas Development Institute, January 2004.
- Ministry of Planning, Guidelines for the District Integration Process for the Year 2003, September 2003.
- Reports from the Seila/PLG Permanent Advisory Team.

Qualifications

The Consultant should have the qualifications listed below:

- Post graduate degree, or equivalent, in the social sciences or related fields.
- Familiarity with the application of good governance, poverty policies and decentralisation.
- Able to analyse poverty data.
- Prior experience in Cambodia a valuable asset.

Itinerary of the Mission:

Date	Activity
25 June	Arrival
25 June-9 July	Inception period (as per Inception Report).
12 July-16 July	Literature Review and consultations (Phnom Penh)
19 July-23 July	Literature Review and consultations (Phnom Penh), field visits to Kandal Province and to Kampot Province (as per Inception Report)
26 July-30 July	Analysis of findings and drafting conclusions and recommendations
2 August-5 August	Feedback to and from Seila Task Force Secretariat on conclusions and proposed actions and drafting final report
6 August	Departure
16 August-3 September	Writing final report in Sweden (draft and inclusion of subsequent amendments as requested)

People Met:

Date	Time	Person and Position	Remarks
Fri 25/6	14.30-15.30	Ms Joanne Morrison, PLG Mr Scott Leiper, PLG	Went through ToRs
	15.30-15.45	Mr Robin Biddulph and his field team	Short introduction to poverty study and expressed interest in learning about their field findings on the PIFs
	16.00-17.30	HE Hou Taing Eng, Ministry of Planning (together with Mr Robin Biddulph who had set up the meeting)	Views on PIF and who should control
Sat 26/6	08.00-10.00	Dr Chea Samnang, Ministry of Rural Development (together with Mr Robin Biddulph who had set up the meeting)	MRD experiences from PIF use. Proposed to include also issue of accountability from top downwards in field discussions
Sun 27/6	19.00-21.00	Mr Robin Biddulph, PAT PIF study consultant	Elaborated on linkages PIF and Poverty studies
Mon 28/6	09.00	Ms Joanne Morrison, PLG Mr Scott Leiper, PLG	Went through meeting list
Wed 30/6	11.00-12.00	Mr Rob Taliercio, WB	Public Financial Management and Public Expenditure Tracking
	15.00-16.00	Mr Chan Sophal, WFP (former CDRI)	Commune-Based Poverty Monitoring System
Thurs 1/7	10.00-11.00	Mr Steffen Johnsen, NREM Advisor , CDC	Planning future program and its relation to NPRS and decentralization. Program M&E.
Fri 2/7	08.00-09.00	Mr Tim Conway, Poverty Specialist, WB Ms Mia Hyun, Poverty Specialist, WB	NPRS preparation process – moving out of poverty - studies commissioned to CDRI C/S Funds – earmarking vs discretionary funds to achieve pro-poor focus
	14.00-15.00	Ms Eng Netra, Researcher, CDRI	Studies within decentralization program

Mon 5/7	10.30-12.00	Ms Heang Siek Ly, PMA, MoP Mr Mustafa K. Mujeri, PMA Advisor, MoP	Grassroots level M&E – complementarity to national level PMA and CPMAS [need new meeting to follow up after ARM for PMA project]
Tues 6/7	11.00-12.30	Mr Tom Beloe, Social Development Adviser, DFID South East Asia	Proposed aspects to consider in study – on who actually participate in planning process and how to improve accountability through external M&E through NGOs
Wed 7/7	14.30-17.00	Ms Khiev Bory, GSCSD/NPRS Mr Thuon Thavrak, GSCSD and STF Ms Sujaya Misra, NPRS Advisor	Implementation of NPRS and formulation process for post-2005 national policy
Thurs 8/7	16.00-17.30	Mr Michel Le Pechoux, Senior Program Officer Seth Koma, UNICEF	Seth Koma and its implementation through Seila structures including monitoring
Fri 9/7	11.00-12.30	Mr Georg Deichert, Adviser Decentralized Management (in Kampot), GTZ	Vulnerable Household Listing and its use within ordinary commune development planning