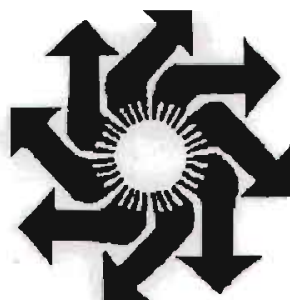


Kingdom of Cambodia

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Seila Program Final Report

Volume III

Sub-National Experiences from
Implementation of the Seila program



ExCom Survey

Final Briefing Paper, December 2006

Pia Wallgren, Consultant

Executive Summary

The Seila ExCom survey is one of three parts in Volume III of the Seila Final Report (2001-2006). The objective of the survey was to document the experiences of the Executive Committees (ExComs) from their engagement in the Seila program. Two main themes were examined: Provincial Investment Fund (PIF) decision-making and major impacts and lessons learned. Participants were also asked to make some suggestions for the future.

The survey consisted of twelve questions, half of them open-ended. The questionnaires were filled out by all 24 ExCom teams, one from each province/municipality.

The respondents agreed with five specific statements related to provincial-level impacts they may have had. These statements included the improved handling of funds, sectors becoming more transparent, increased inter-sector coordination and departments better responding to local needs.

The results also indicate that ExComs consult appropriate priority and policy documents when allocating PIF resources and they also endeavor to spend funds efficiently by basing decisions on information they have about past and ongoing projects and implementing agencies' commitment. 88% consider the Provincial Development Plans and Investment Plans (PDP and PDIP). 79% look at the District Priority Activity Matrixes (DPAM) and at least 50% consult the National Poverty Reduction Strategy (NPRS) and/or national sector policies. 50% require that last year's project achievement be at least 90% and 21% look at the inter-communal and -district nature of a proposed project before making decisions.

58% of the ExComs factored in allocations' impact on women and children, and 25% took into account the effect on the environment. It is possible that those who consider these impacts work in provinces where there is a higher level of funding for gender, Natural Resources and Environmental Management (NREM) and child-centered projects than in the average province and that there are improvements to be made before gender and NREM planning becomes entirely mainstreamed in all provinces. Nonetheless, it is a major accomplishment that so many factor in these considerations in their decision-making. 33% of the participants also called for more capacity building to make mainstreaming more effective and the consultant proposed that such requests be accommodated.

Nevertheless, there are some future challenges and the data suggests that PIF allocation could be made more effective if steps were taken to facilitate the flow of basic information between line departments and ExComs. 54% of the ExComs said they need better overview, primarily of resources (other funds, equipment, technical capacity, work plans etc.) available to line departments in order to prioritize the PIF more effectively. 50% also said that improved exchange of information could facilitate inter-department collaboration and the consultant suggested that attention is paid to the improvement of the flow of information between ExComs and line departments in the future.

Key questions about lessons learned were most likely interpreted by participants as meaning skills acquired. The answers gave insight into some of the major capacity building contributions that the Seila program has made. Among other things: 75% improved their management techniques, 54% acquired planning skills and 38% learned about monitoring and evaluation. ExComs also think commune councils learned new things such as planning, management and democratic governance.

Nearly all ExComs requested to have their analytical skills developed in order to have a better overview for PIF-related decision-making. 88% requested data/information processing and 88% wanted problem/objective analysis skills. 71% asked to learn more about gender analysis. The consultant proposed that an inventory of capacity building needs be taken when the NCDD is operational.

It is clear that salaries and salary supplementation must be considered very carefully in the future; the respondents consider them a driving force behind increased efficiency and accountability. 79% of ExComs said that salary supplements strengthen commitment; 46% thought they make operations and project management more effective. At least 29% also said they increase transparency and accountability as well as facilitate full work plan implementation. Moreover, 67% said higher incentives would help ExComs create more collaboration between sectors. Lastly, 25% of participants proposed that compensation be relative to hardship and levels of responsibility, as opposed being equal for all.

Besides capacity building, participants were also asked to say which systems and procedures that should be considered to further improve PIF allocation. 92% are for ExCom-sector accountability procedures and 88% agreed that an ExCom motivation system would help. Approximately 80% of all participants said a line department human resource management system and procedures for organizational performance assessments would also increase effectiveness. Far fewer ExComs, but still as many as 38%, said yes to opening up the PIF for competition from NGOs. The consultant suggested conducting more in-depth research into how such systems, including more competitive bidding, could best be implemented.

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List of Acronyms

CDP	Commune Development Plan
CIP	Commune Investment Plan
C/SF	Commune/Sangkat Fund
D&D	Decentralization and Deconcentration
DFT	District Facilitation Team
DPAM	District Priority Activity Matrix
ExCom	Executive Committees
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NREM	Natural Resources and Environmental Management
PDIP	Provincial Development Investment Plan
PFT	Provincial Facilitation Team
PIF	Provincial Investment Funds
PLG	Partnership for Local Governance
SPPA	Senior Provincial Program Advisor
STFS	Seila Task Force Secretariat

Introduction

Background

As part of the documentation of the Seila Program (2001-2006), the Seila Task Force Secretariat (STFS) has collected information and lessons learned through three separate surveys at the provincial level: The first survey documented the experience of the ExComs. The objective of the second survey was to record the experience of the provincial line departments who had received Provincial Investment Funds (PIF), and the purpose of the third survey was to research the impact of Seila on local economic development, as experienced by contractors who had bid for Commune/Sangkat Fund (C/SF) projects. This briefing paper details the findings of the first survey on the ExComs. Together with the reports on the two other surveys, it will form Volume III of the Seila Final Report 2006.

Objective of the ExCom survey

The objective of the survey was to document the experiences of the ExComs from their engagement in the Seila program. Two main themes were examined: PIF decision-making and major impacts and lessons learned. Participants were also asked to make some suggestions for the future.

Methodology

The survey questionnaire consisted of twelve questions and was designed by the Partnership for Local Governance (PLG) and the STFS. It was approved by the Ministry of Interior (MoI) and the STFS, then discussed in detail with the Senior Provincial Program Advisors (SPPAs) in a meeting. The PLG M&E advisor tested the questionnaire in one province and made adjustments accordingly. (See appendix 1 for the Khmer and English versions of the questionnaires.) The questionnaire was filled out by the ExCom team in each of the 24 provinces/municipalities. Seven of the questions were open-ended and the rest had predefined response options, one of which was usually an open-ended "other" choice.

The PLG Monitoring and Evaluation (M&E) Advisor sent the Khmer language questionnaires and instructions to the Senior Provincial Program Advisors (SPPAs) via email. During two weeks following the reception of the questionnaires, the SPPAs made queries to the M&E advisor and to the program advisors for clarifications. The SPPAs were then responsible for arranging a session where the survey was distributed to the ExComs. Before they started to fill out the questionnaire, the SPPAs explained all questions. The ExComs were allowed to choose whether or not they wanted the SPPAs to remain in the room in the event that they needed to ask for clarifications, but there is no information on how many chose which option. However, because each answer had to be negotiated by the team, it is possible that most ExComs asked the SPPAs to leave so that they could deliberate privately. Once completed, the participants were asked to put their questionnaire in an envelope and to seal it in order to ensure anonymity. The envelopes were sent to the STFS in Phnom Penh without being opened in the provinces.

Before entering the data into a simple database, the PLG M&E Advisor and the STFS M&E Officer translated it into English and grouped open-ended answers into similar categories. Lastly, the data was analyzed by an independent consultant who also wrote this briefing paper.

The results have been presented in percentage form (with the number of respondents mentioned in parenthesis), calculated by dividing the number of ExComs answering in a particular way by 24. If a response was selected by fewer than 5 ExComs (<21%), it has

usually not been mentioned in the text. Diagrams, tables or charts have been used where it was thought to give the reader a good overview of the main results. (See appendix 2 for the spreadsheets containing the raw data.)

Limitations

The consultant found some limitations with how the questions and predefined responses had been formulated and that impacted the quality of the findings and analysis negatively; these limitations are mentioned in the findings section where relevant.

Due to time and other resource constraints, it was not possible to gather all SPPAs for a session to go through each question and specific the instructions that were to be given to the respondents. This resulted in the email instructions not being uniformly interpreted by the SPPAs. Some instructions were not clearly understood and/or explained, which, in combination with the large number of open-ended questions, ultimately led to participants giving invalid responses or responses that could not be easily understood by those undertaking the data entry. Nevertheless, it is the first time that all ExComs have been able to give their input to a survey on Seila, which is the largest development intervention and reform in Cambodia in recent years.

The fact that the questionnaires were filled out by a group of people means that, in theory, the answer to each question had to be negotiated in order to best represent the group (presumably defined as “the majority opinion”). However, it is also possible that some or all groups had members who were more active and/or dominant than others and that the answers more correctly reflect their opinions than the groups’.

Findings and analysis

PIF decision-making, now and in the future

Criteria for PIF decision-making

The ExComs were asked by which criteria they make decisions on PIF allocations. There were sixteen pre-defined answers.

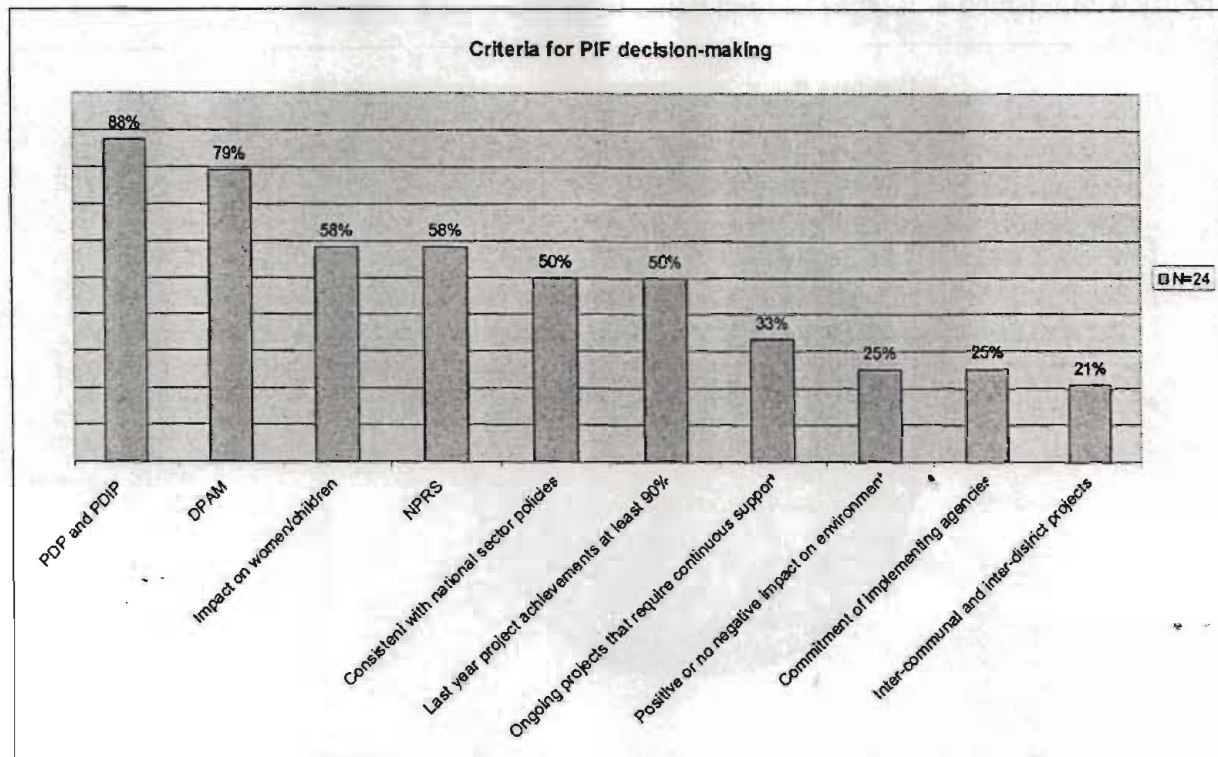


Chart 1: Criteria for PIF decision-making

Almost all ExComs, 88% (21), consider the PDP and the PDIP when making decisions on PIF allocations. The second most common factor taken into account is the District Priority Action Matrix, the DPAM. 79% (19) of the participating groups consult it.

58% (14) of the groups consider impact on women and children before making the allocations. Just as many, 58% (14), consider the National Poverty Reduction Strategy (NPRS), and 50% (12) of the participants consider national sector policies when making decisions on PIF allocations.

50% (12) of the ExComs also look at whether or not last year's project achievement was at least 90%. 33% (8) of the ExComs allocate PIF to ongoing projects that require continuous support.

25% (6) of the ExComs try to ensure that PIF allocations have a positive impact on or at least do not harm the environment. And 25% (6) also consider whether an implementing agency has had a high level of commitment in the past.

21% (5) say the inter-commune or inter-district nature of a project is a consideration.

The results show that ExComs are consulting appropriate national, provincial and district documents. Findings also indicate that they are trying to spend resources efficiently by considering implementing agencies' commitment and past achievements, investing in inter-commune and -district projects, as well as completing ongoing projects. More than half of the

ExComs factor in allocations' impact on women and children, and one in every four take into account the effect on the environment.

Information and overview to prioritize the PIF

Respondents were asked if they have sufficient information and overview in order to prioritize the PIF. They could choose a yes or no answer, and if they chose "no" they were asked to specify within which areas they needed better information and overview.

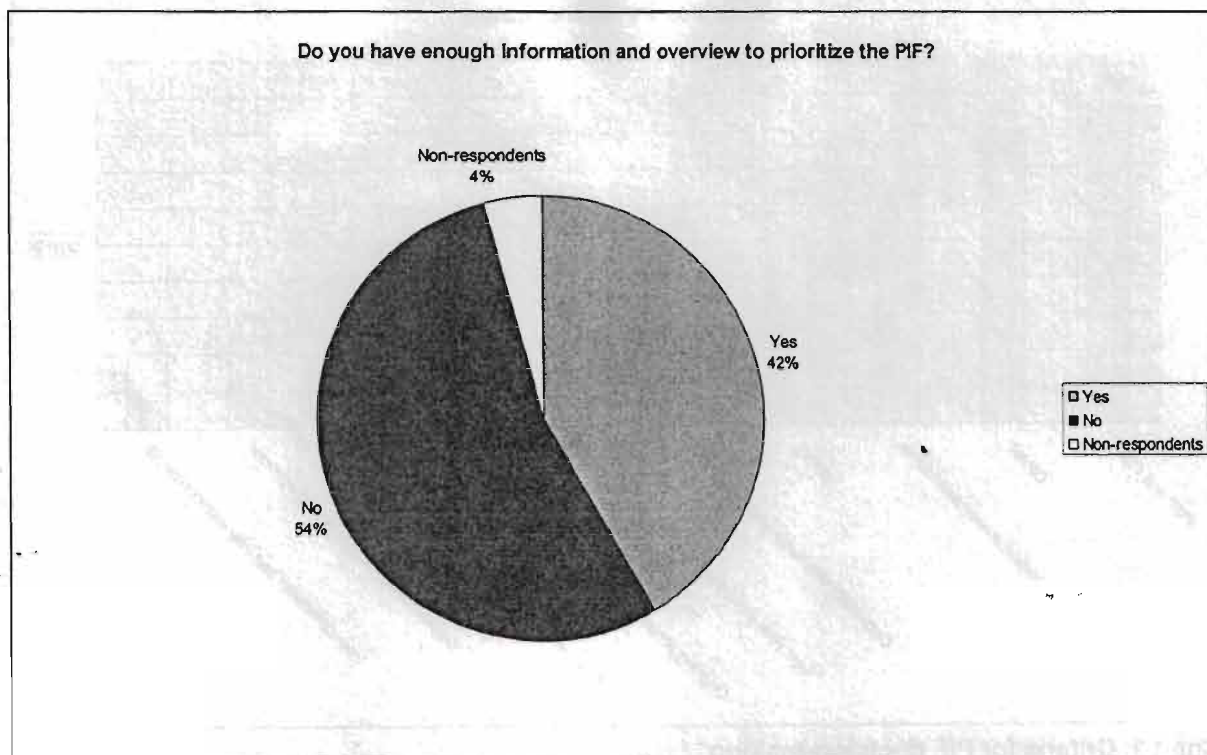


Chart 2: Information and overview to prioritize PIF

The results show that a slight majority of the ExComs need access to better information and overview. 54% (13) of the ExComs said they did not have sufficient overview, 42% (10) said they did. The participants listed a number of areas within which they would like to have more information. Most suggestions were only mentioned by 1 to 3 ExComs but a key theme is the information/overview they have of resources available to the line departments. Another theme is the need for improved analytical skills (how to predict impacts and how to analyze district and provincial profiles).

Support to further strengthen ExCom capacity to prioritize PIF

This question related to which type of capacity building ExComs require. It had six answer options, one of which was open-ended.

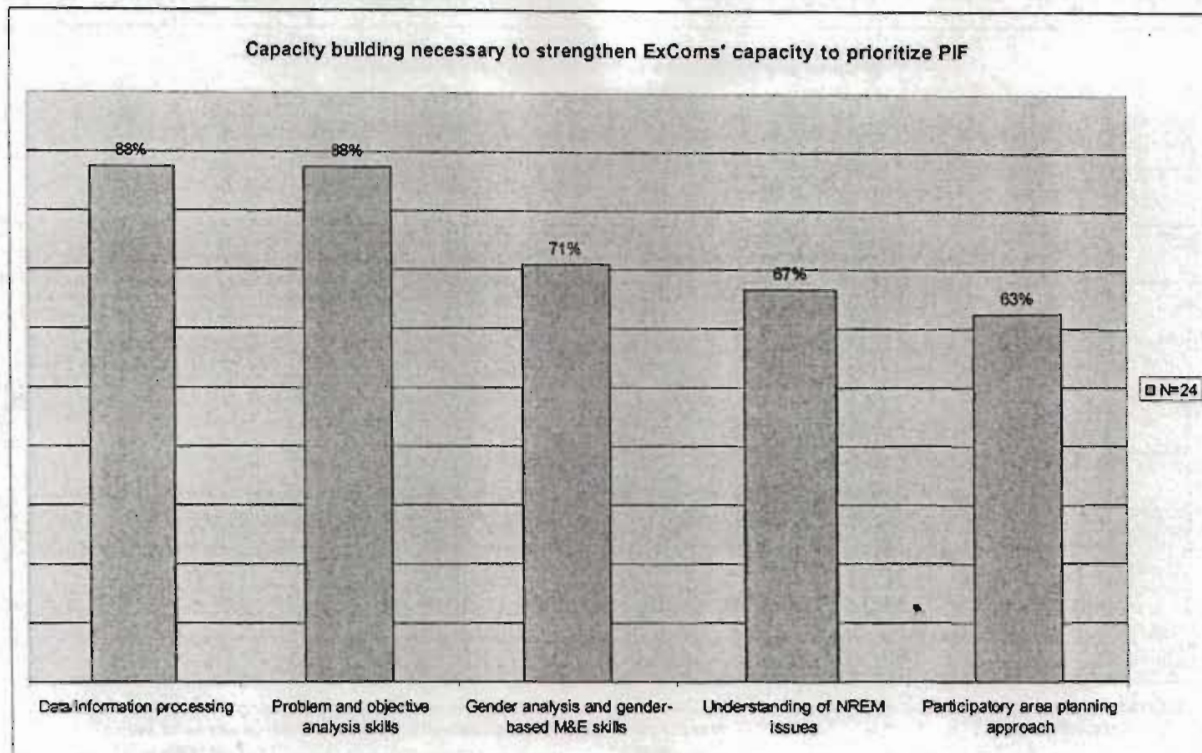


Chart 3: Capacity building of ExComs

88% (21) of ExComs wanted capacity building in data and information processing. The same number said they require more problem and objective analysis skills. 71% (17) of the groups would like support to acquire more gender analysis and gender-based M&E skills. 67% (16) need a greater understanding of NREM issues, while 63% (15) of the ExComs would like to know more about the participatory area planning approach.

While slightly more ExComs needed data processing and problem analysis skills, all five response options were ticked by at least 62%. It was possible to specify other needs, but it is probable that participants were led away from this option as it was "overshadowed" by the predefined answers (only one group ended up using it). This question could perhaps have garnered more information had it been entirely open-ended (and with instructions to mention only a specific amount of the most pertinent areas for capacity building, three for instance).

Systems and procedures required to improve ExCom PIF allocation

Respondents were asked to select as many as they wanted out of five predefined answers, or an open-ended “others”, where they had to specify which systems or procedures.

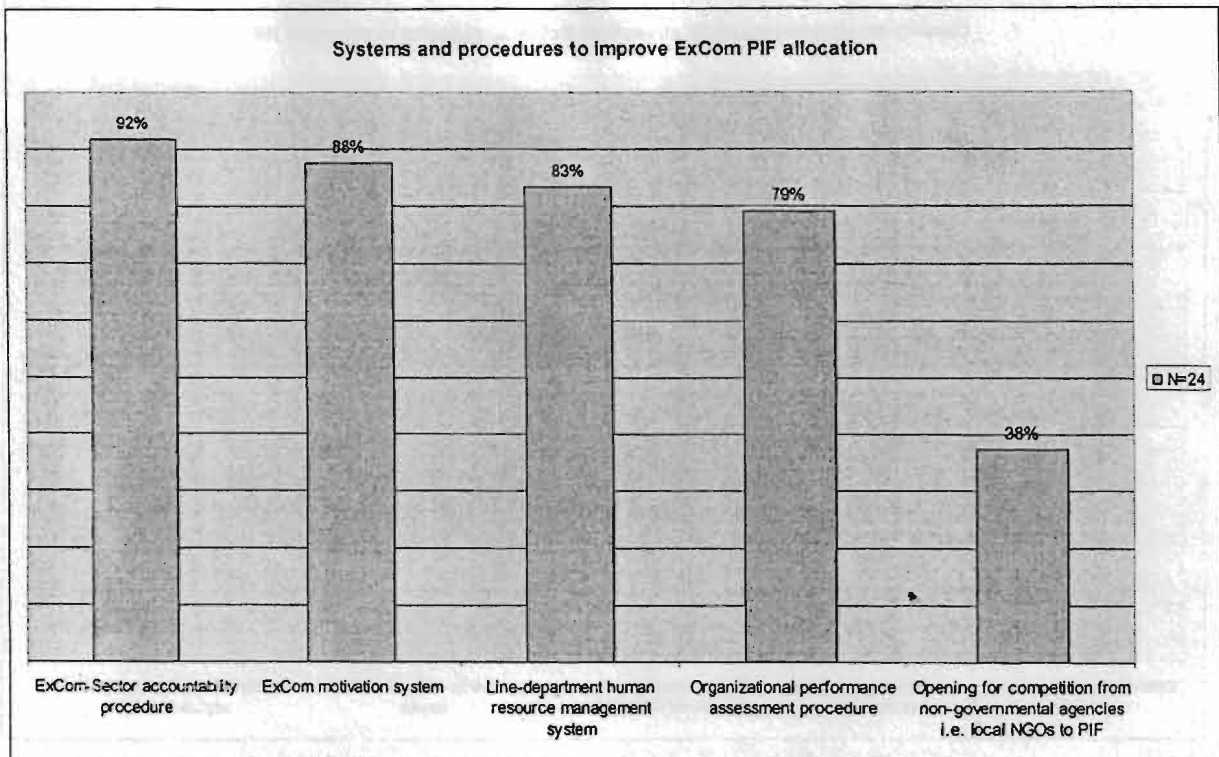


Chart 4: Systems and procedures required to improve ExCom capacity

92% (22) of ExComs would like to see ExCom-sector accountability procedures. 88% (21) want an ExCom motivation system, and 83% (20) asked for a line department human resource management system. 79% (19) said an organizational performance assessment procedure is required, while 38% (9) of the ExComs wanted the PIF to be open for competition from non-governmental agencies, such as local NGOs.

As the chart shows, the design of this question poses the same challenges as the previous question: four of the five options were ticked by a majority of the ExComs and it is not possible to say if one is more important than the other.

Impacts and lessons learned through the Seila Program

Major lessons learned

There was some design problems with three questions pertaining to lessons learned from the engagement in the Seila program. First, questions 2 and 11 were very similar (see appendix 1). Both were open-ended, and the responses were comparable – but not the same. Second, questions 2, 3 and 11 contained the term “lessons learned”, yet the answers appear to pertain more to “skills acquired” than “lessons learned”. The consultant verified the translation of the questionnaires and it was correct; the Khmer version of the question also asks about broader lessons, as opposed to skills. The results therefore indicate that either a) the SPPAs were unable to correctly explain the meaning of the questions, or b) ExCom members did not distinguish or know the difference between lessons learned and skills acquired. Unfortunately this means that we are without satisfying answers to three very important questions. The results are reported below, but without analysis.

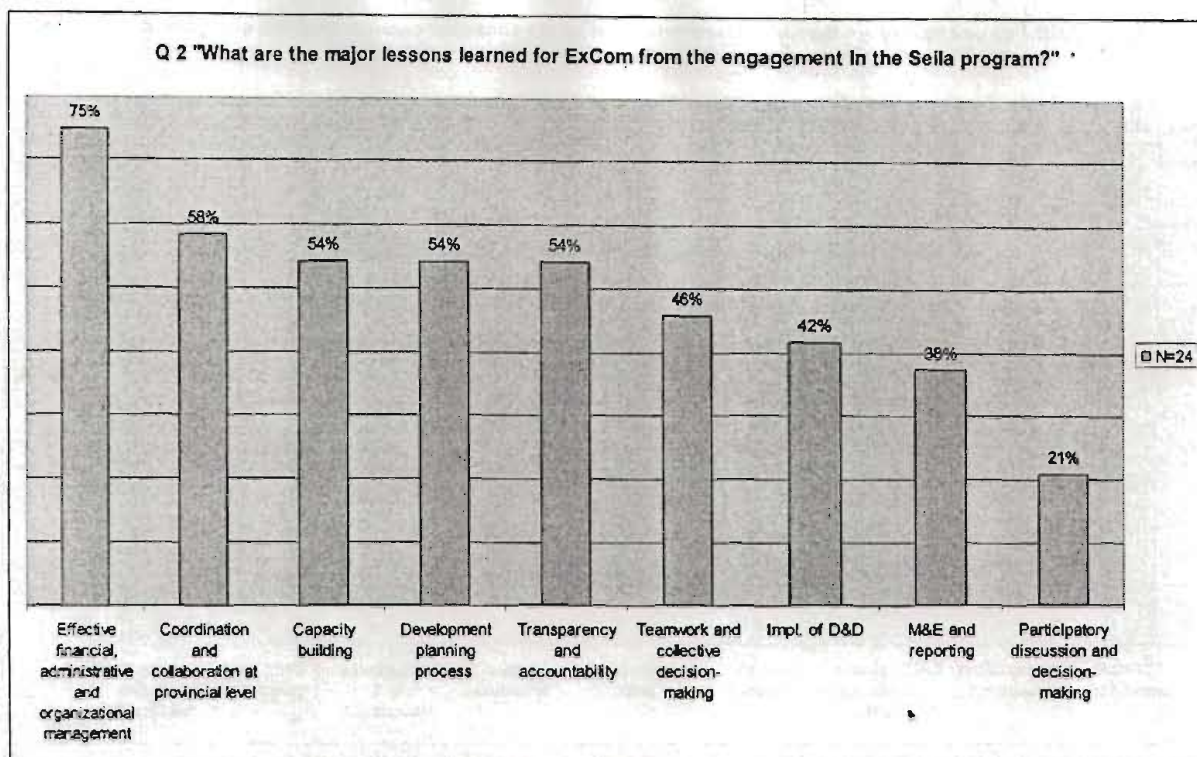


Chart 5: Question 2, lessons learned by ExComs

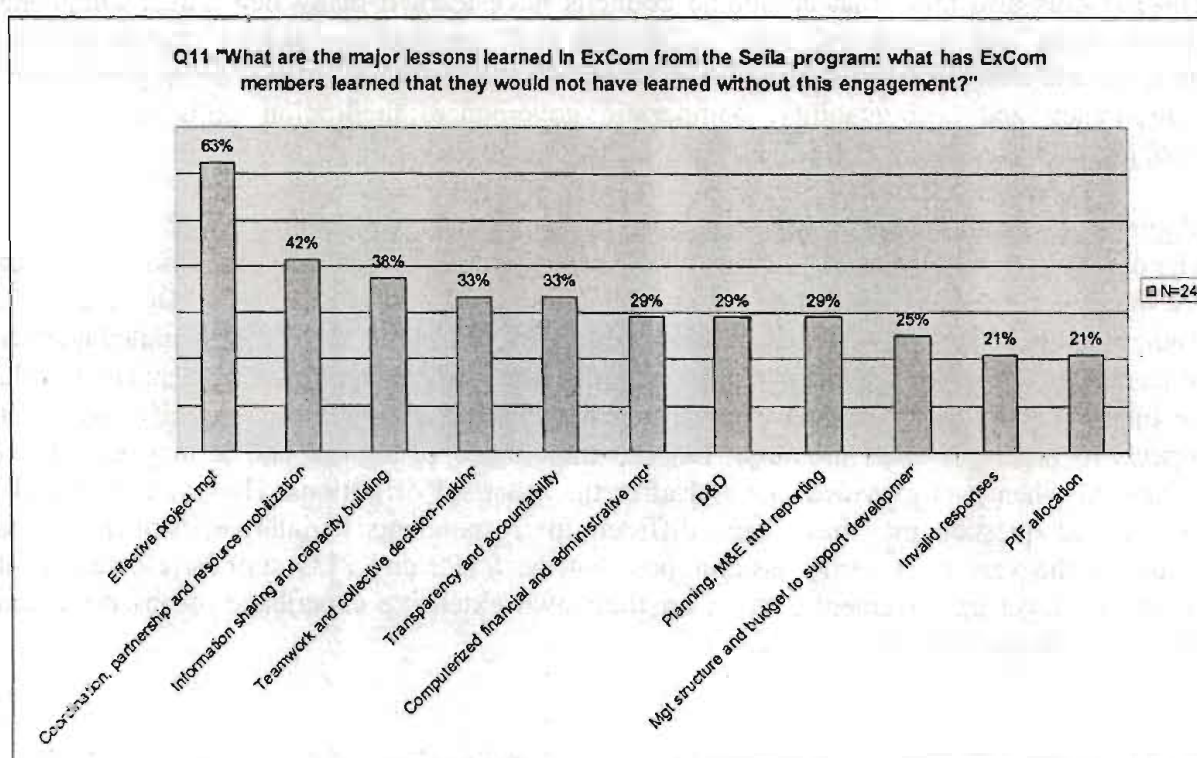


Chart 6: Question 11, lessons learned by ExComs

If indeed the respondents have listed skills acquired, then the engagement in the Seila program has contributed to capacity development within the areas of management, (coordination, planning, decision-making and information-sharing), monitoring and evaluation, resource mobilization, transparency and accountability and implementation of decentralization and deconcentration. (This is supported by the fact that these skills were not mentioned under the question relating to capacity building needs.)

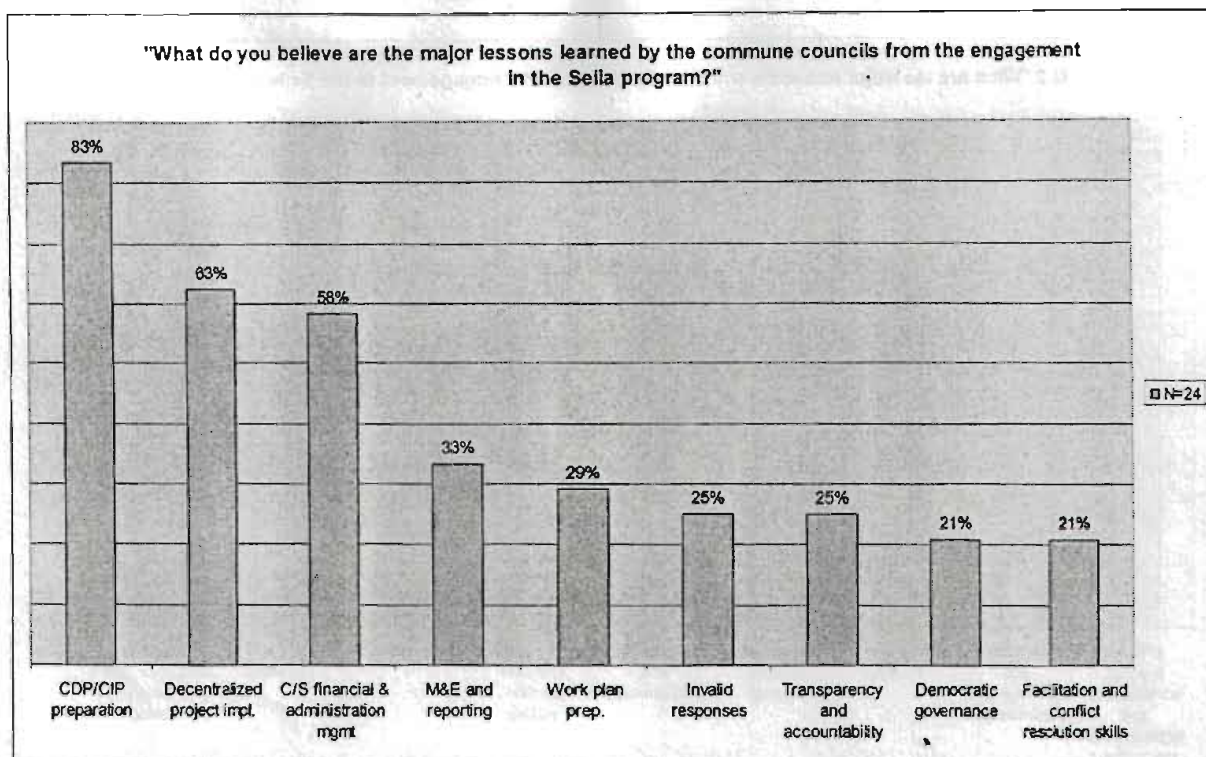


Chart 7: Question 3, lessons learned by commune councils

The ExComs also think that commune councils have learned many new skills: Commune Development and Investment Plan (CDP and CIP) preparation, project implementation, financial and administrative management, monitoring and evaluation, work plan preparation, transparency and accountability, democratic governance, facilitation skills and conflict resolution.

Major improvements at provincial level since the introduction of PRDC/ExCom

The design of this question also comes with some limitations. The main question was "What are the major improvements at provincial level since the introduction of PRDC/ExCom?". Rather than leaving the question open-ended and asking the respondents for a limited number of answers, they were asked to agree or disagree with five very specific statements that could be interpreted as being leading and/or biased. An open-ended "Please specify any other aspects to highlight" was provided, but the importance of such a choice may have been weakened when it is provided last and after the other set of options. However, an entirely open-ended question may have been difficult for respondents to interpret. Hopefully, the results at the very least verify assumptions that the STFS and PLG staff have made about provincial level improvements, based on their own extensive experience of observing and working with the ExComs.

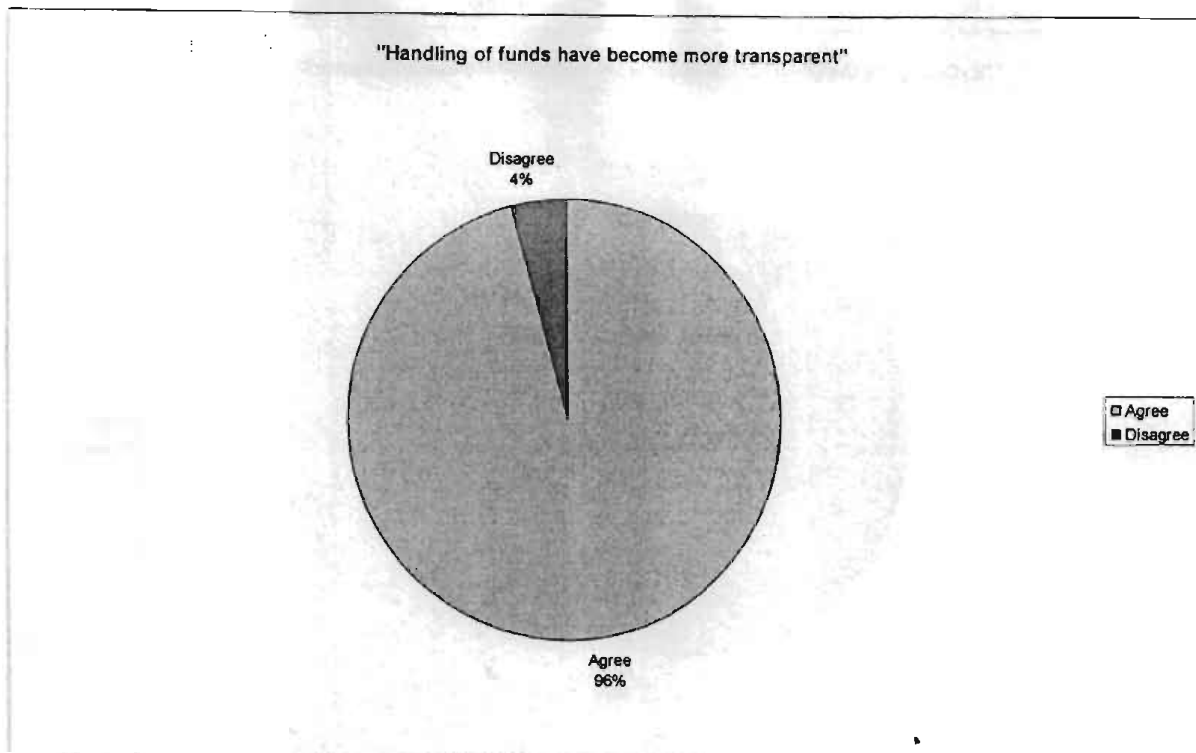


Chart 8: Transparency of handling of funds

96% (23) of the ExComs agreed with the statement "Handling of funds have become more transparent". 4% (1) disagreed.

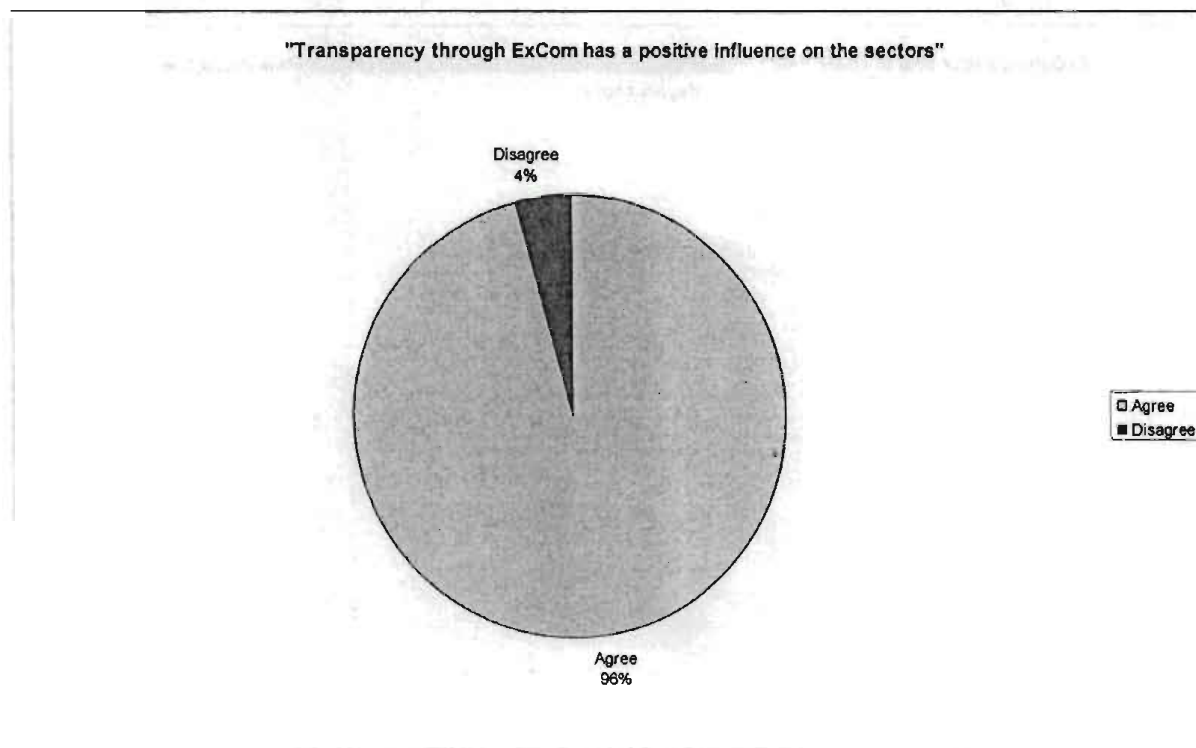


Chart 8: Influence of transparency through ExCom on sectors

96% (23) of the ExComs agreed with the statement "Transparency through ExCom has a positive influence on sectors". 4% (1) disagreed.

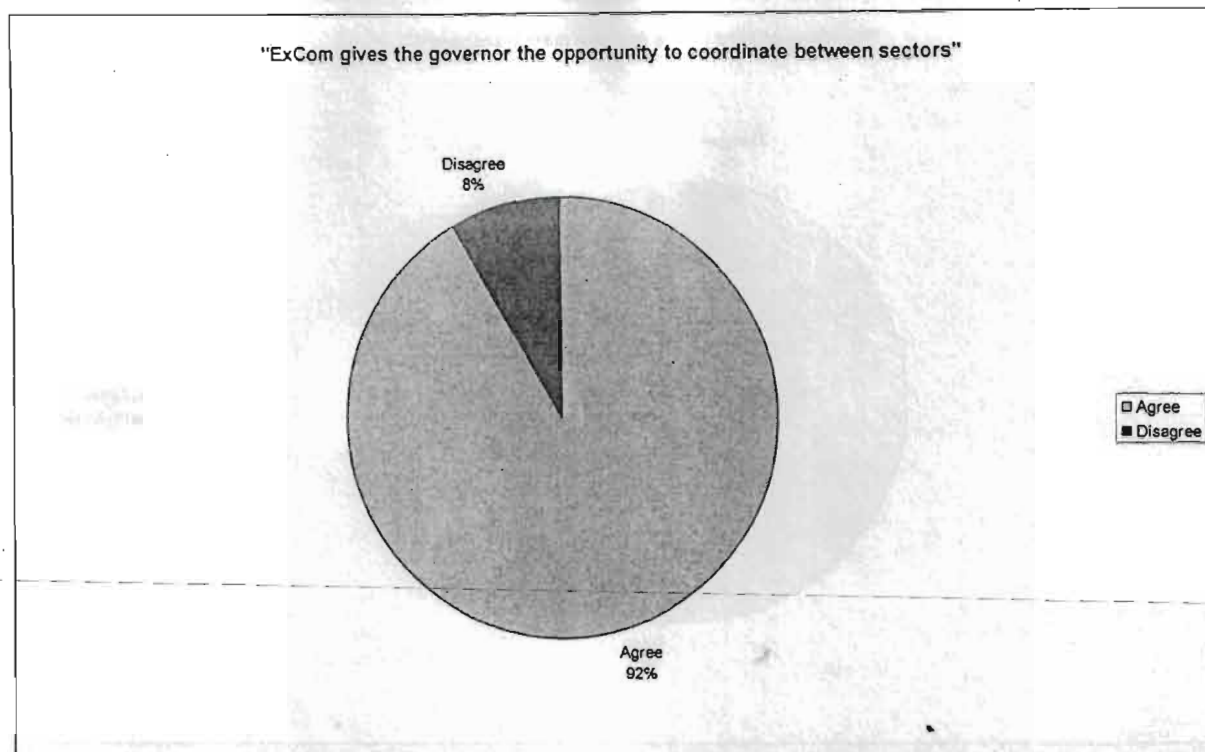


Chart 9: ExCom giving governor opportunity to coordinate

92% (22) of the ExComs agreed with the statement "ExCom gives the opportunity to coordinate between sectors". 8% (2) disagreed.

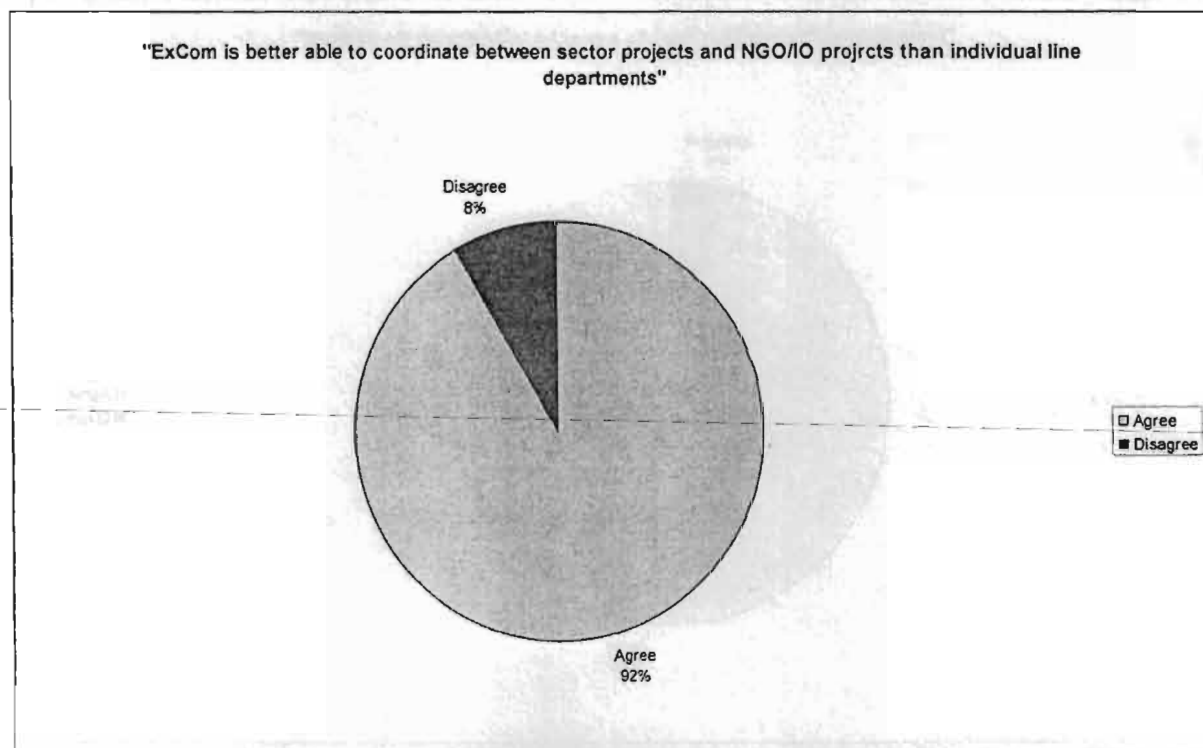


Chart 10: ExCom vs. line department coordination

92% (22) of the ExComs agreed with the statement "ExCom is better able to coordinate between sector projects and NGO/IO projects than individual line departments". 8% (2) disagreed.

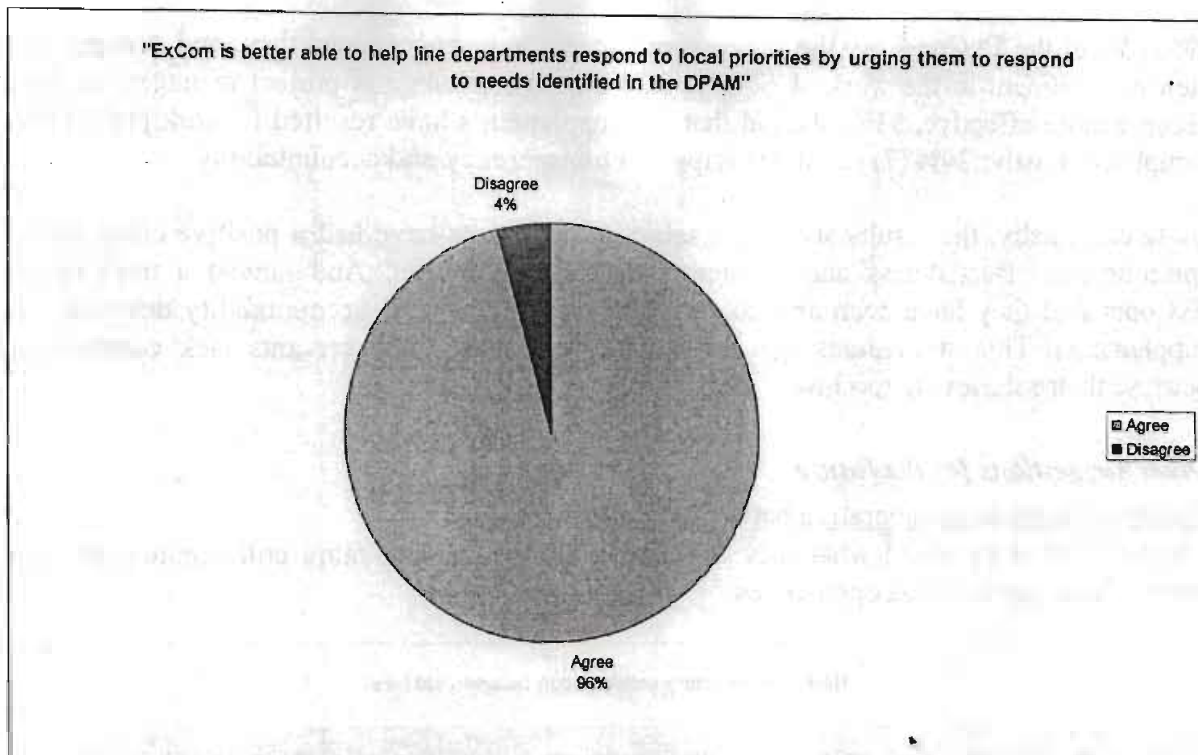


Chart 11: ExComs' ability to help line departments respond to local priorities

96% (23) of the ExComs agreed with the statement "ExCom is able to help line departments respond to local priorities by urging them to respond to needs identified in the DPAM". 4% (1) disagreed.

Major impacts of salary supplements

The question concerning the major impacts of salary supplements was open-ended.

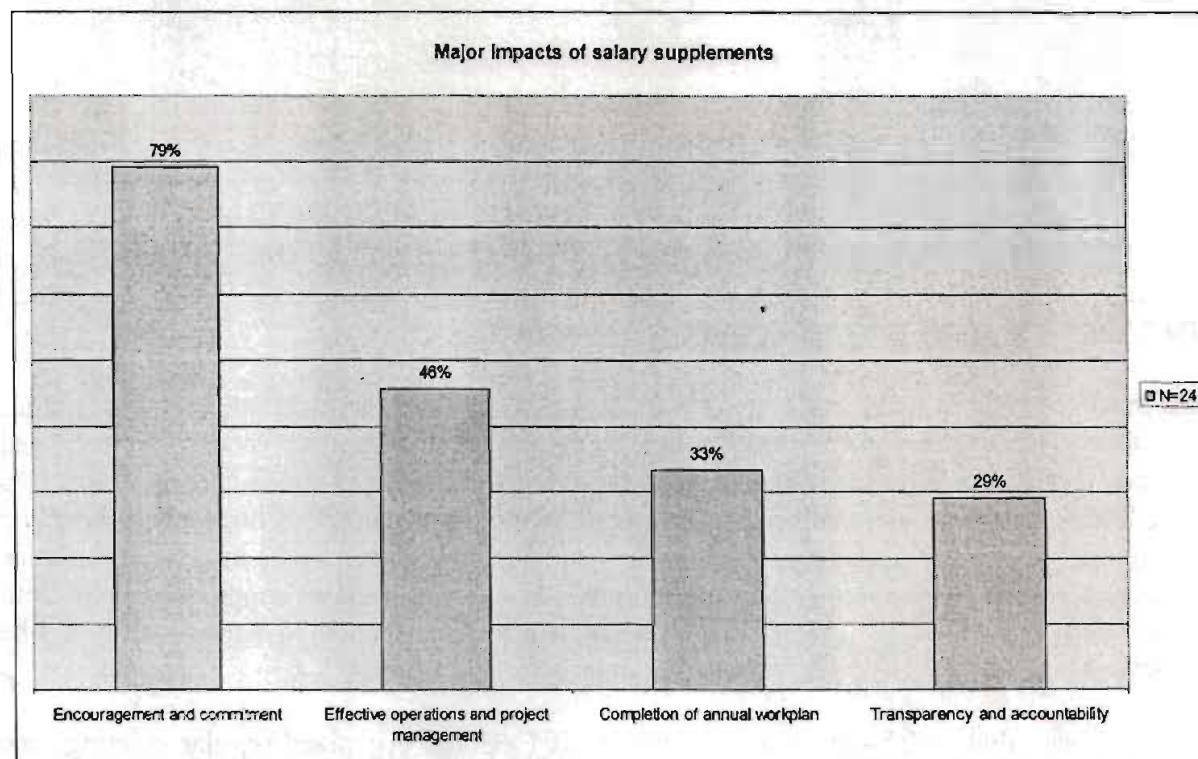


Chart 12: Major impacts of salary supplements

79% (24) of the ExComs say the salary supplements have encouraged them and strengthened their commitment to the work. 46% (11) said that operations and project management have become more effective. 33% (8) said that the supplements have resulted in work plans being completed. Lastly, 29% (7) say it has impacted transparency and accountability.

Quite expectedly, the results show that salary supplements have had a positive effect on the commitment, effectiveness and efficiency of implementation. And almost a third of the ExComs said they have been able to achieve transparency and accountability thanks to the supplements. This strengthens the common opinion that civil servants lack commitment because their salaries are too low.

Other suggestions for the future

Factors to promote collaboration between sectors

The ExComs were asked what they should be doing to create more collaboration between sectors. The question was open-ended.

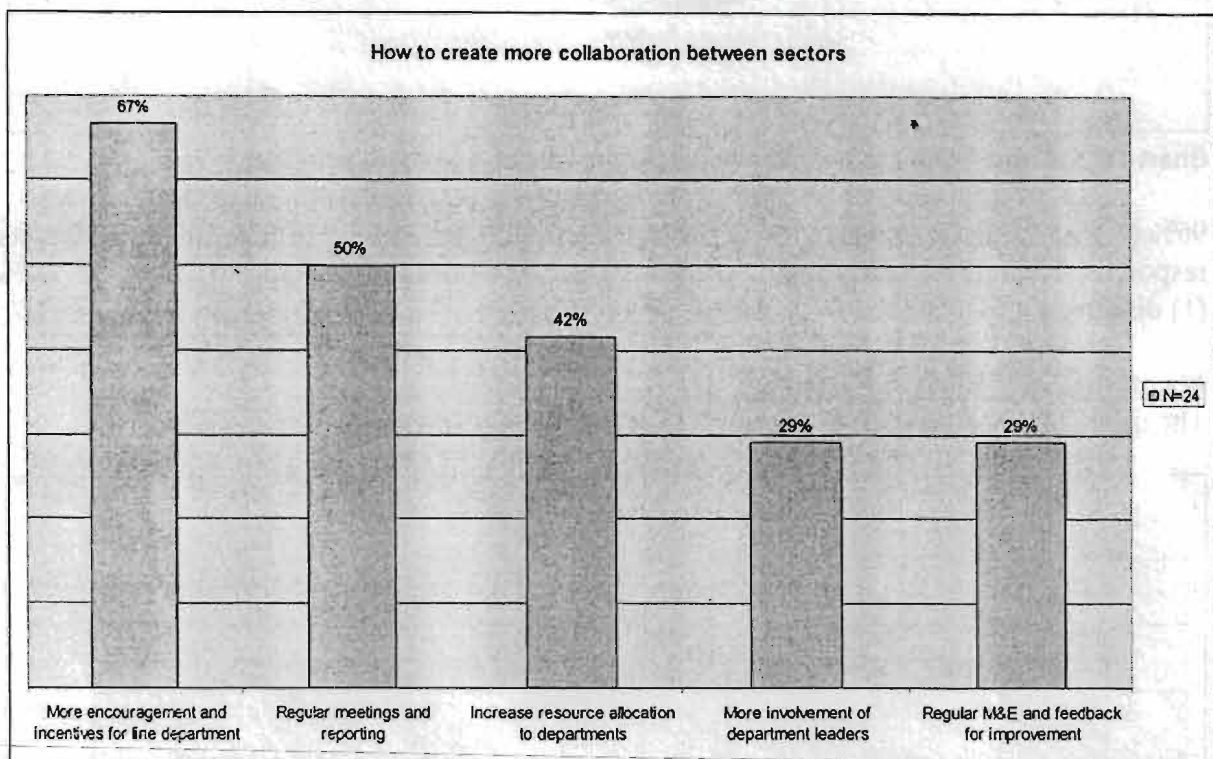


Chart 13: How to create more collaboration between sectors

The most common answer, given by 67% (16), was that more encouragement and incentives should be given to line departments. On the one hand, “encouragement” could be interpreted to mean that ExComs should vocalize their support to department heads and staff. But it is more likely that the answers, rather than primarily being about what ExComs should be doing to promote collaboration, mainly reflect opinions about lack of resources in general, and low incentives and salary supplements in particular. This interpretation is supported by the third most common answer: 42% (10) thought the resource allocation to departments should be increased.

50% (12) said that collaboration would increase if ExComs organized regular meetings and reporting. 29% (7) think they should involve department heads more often. Just as many, 29% (7) said the ExCom should do regular M&E and provide feedback for improvement. There is

no information about why current meeting, M&E and reporting mechanisms are not functioning well enough.

Changes necessary to better respond to issues like gender and NREM

This open-ended question asked the ExComs which procedures or areas needed to be changed in order to help them respond better to cross-cutting issues such as gender and NREM.

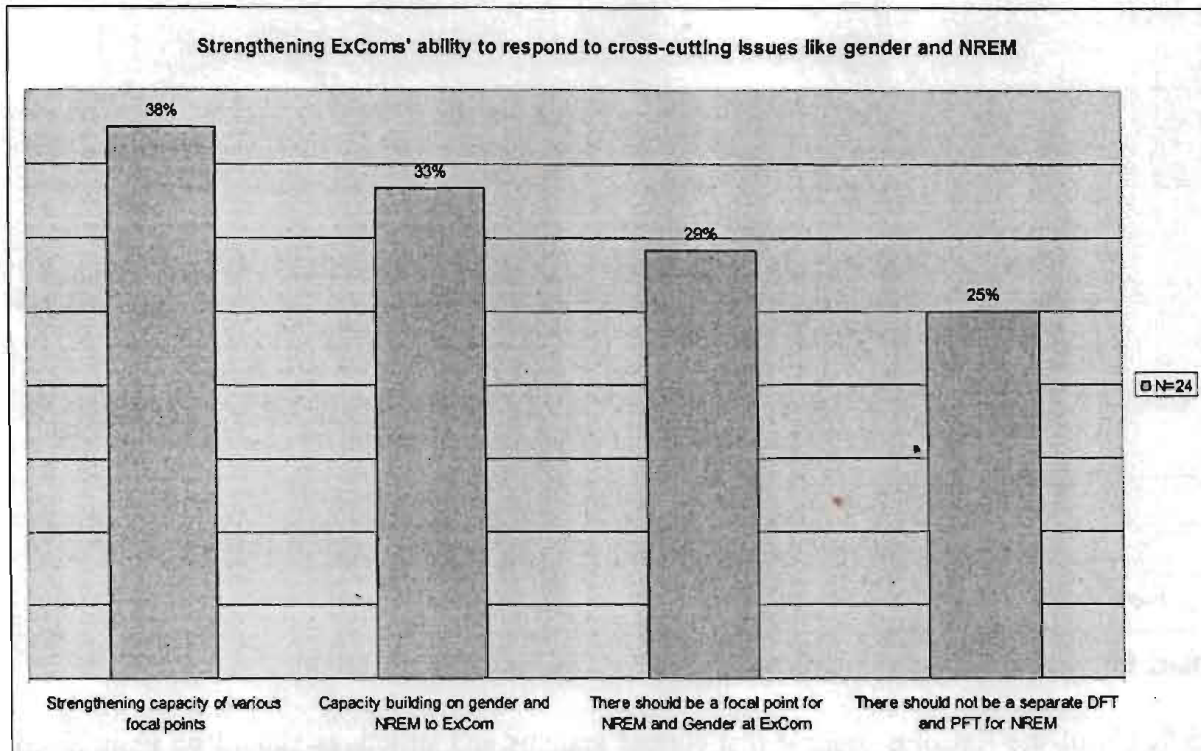


Chart 14: Strengthening ExComs' ability to respond to cross-cutting issues

38% (9) of the participants think that capacity building of the gender and NREM focal points is necessary to help ExComs better respond to these cross-cutting issues. 33% (8) said the ExCom members themselves need capacity building on gender and NREM. 29% (7) suggested there be gender and NREM focal points in the ExComs. Lastly, 25% (6) said there should not be separate District and Provincial Facilitation Teams (DFTs and PFTs) for NREM.

Aspects of provincial management system that could be changed or deleted

There were several different responses to this open-ended question, but only two were mentioned by five or more people.

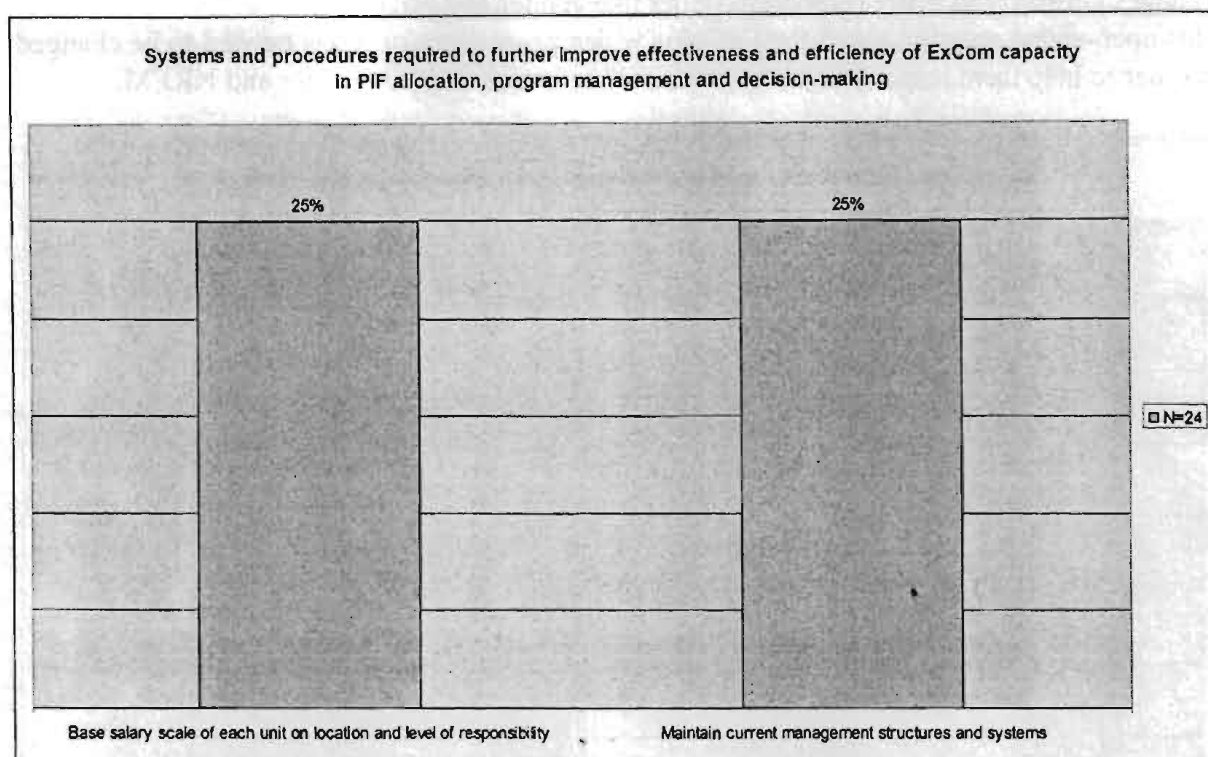


Chart 15: Structures and systems to improve ExComs' management of PIF

25 % (6) of the ExComs thought that current systems and structures should be maintained. 25% (6) of the participants also suggested that each unit's salary scales should be based on location and levels of responsibility, i.e. compensation should reflect the relative hardship and competency/performance of each individual. Some of the other answers related to delegating more power from the central to provincial levels, that C/S Fund payment orders should be made by the ExComs and not the commune councils and that there should be a revision of the composition of the ExComs.

Conclusions

The respondents agreed with five statements related to provincial-level impacts they may have had. These statements included handling of funds and sectors becoming more transparent, improved inter-sector coordination and departments responding to local needs.

The findings also showed that ExComs were consulting the necessary and appropriate priority and policy documents when allocating PIF resources. They also endeavored to spend funds efficiently by basing decisions on information they have about past and ongoing projects and implementing agencies. Furthermore, over half of the ExComs factored in allocations' impact on women and children, and one in every four took into account the effect on the environment.

- In the future, it could be useful to investigate if the ExComs who consider impacts on women, children and the environment a priority work in provinces where more resources are available for gender, child-centered and/or NREM projects or mainstreaming.

More than half of the participating groups expressed a need for a better overview in order to prioritize the PIF. Several types of information-related needs were listed, but one key theme was information/overview of the resources (other funds, equipment, capacity, work plans etc.) available to line departments.

- The data suggests that PIF allocation and inter-departmental collaboration could be made more effective and efficient if steps are taken to facilitate the flow and exchange of basic information between the line departments and the ExComs.

The ExComs have acquired many skills through the engagement in the Seila program: management, (coordination, planning, decision-making and information-sharing), monitoring and evaluation, resource mobilization, transparency and accountability and implementation of decentralization and deconcentration. They also think commune councils have learned new things, for instance: planning, management and democratic governance skills.

Some ExComs requested to have their analytical skills developed further in order to have a better overview when prioritizing the PIF. This finding was supported by the answers to the question pertaining directly to capacity building, where almost all groups ticked the boxes requesting "data/information processing skills", "gender-based analysis skills" and "problem and objective analysis skills". Participatory area planning approaches was another analytic skill that many ExComs selected together with the ones mentioned above.

- The transition of responsibilities from the STFS to the NCDD is an opportune time to take an inventory of capacity development needs among ExCom members. The survey suggests that many feel that the Seila experience has strengthened their basic management skills and that in the future they will require training in general and specific analytical skills.

Besides capacity building, participants were also asked to say which systems and procedures that should be considered to further improve PIF allocation. Almost all are for ExCom-sector accountability procedures and agreed that an ExCom motivation system would help. Very many participants also said a line department human resource management system and procedures for organizational performance assessments would also increase effectiveness. Far

fewer, but still almost half of the ExComs, said yes to opening up the PIF for competition from NGOs.

- It would be beneficial to conduct more in-depth research in order to better understand how accountability and human resource management systems, as well as increased competition, would improve the effectiveness of the ExComs in allocating the PIF.

Nearly all participants said that salary supplements strengthen commitment; almost half also thought they make operations and project management more effective. One third of ExComs also said that supplements help them achieve transparency and accountability, as well as facilitating full work plan implementation. Higher incentives were also a mechanism many thought would help ExComs create more collaboration between sectors. And all but one ExCom agreed that hardship and performance-based compensation and an ExCom motivation system could further improve the effectiveness of their work.

- It is clear that salaries and salary supplementation has to be considered very carefully in the future as it undoubtedly plays a key role in the effectiveness and efficiency with which resources are used.

While there are improvements to be made before gender and NREM planning becomes entirely mainstreamed in all provinces, it should nonetheless be seen as an achievement that so many considered these factors when allocating the PIF. And, when asked directly what could make them respond better to gender and NREM issues, a significant number of ExComs requested capacity building for focal points and for themselves. That capacity building need was confirmed by the survey question related directly to capacity building: gender and NREM skills were selected by 60%-70% of the participants. Some ExComs also suggested that ExComs have their own focal persons for gender and NREM. One in every four ExComs suggested not having specific DFTs and PFTs for NREM. It is possible that having separate facilitators is perceived by some ExComs as being inefficient.

- The survey shows that there is a clear demand for gender- and NREM-related capacity development. No doubt the continued investment in those skills will further overarching gender and NREM objectives.

Line Department Survey

Final Briefing Paper, December 2006

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Public Health Service
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Executive Summary

The Seila line department survey is one of three parts in Volume III of the Seila Final Report (2001-2006). The objective of the survey was to document the experiences of the line departments that have received Provincial Investment Funds (PIF). Three main themes were explored: the PIF (as compared to line ministry funds), the Executive Committees (ExComs), and gender and Natural Resources and Environment Management (NREM) mainstreaming.

The survey questionnaire consisted of fifteen questions. There were 251 respondents from a wide variety of sectors. Most questions had both a closed and an open-ended element to them, where respondents were usually asked to answer a question by ticking one or several predefined options, and then explain their choice(s). In one case, respondents had to prioritize their responses. Answers to several questions were broken down by eight key sectors: Agriculture, Forestry and Fisheries, Education, Youth and Sports, Environment, Land Management, Planning, Rural Development, Water Resources and Women's Affairs. This was possible due to the fact that at least 75% of departments within those sectors participated in the survey.

The survey has showed that the Seila program has made a significant contribution to decentralized development in Cambodia. The availability of the PIF and decentralized systems has made it possible for line departments to consider local needs when prioritizing projects. 84% consider the District Priority Activity Matrix (DPAM) when making PIF proposals. Similarly, the PIF and the ExCom have contributed to a higher degree of provincial coordination, which is likely to have improved the effectiveness and efficiency with which resources are used. This was demonstrated by the fact that at least 79% consult appropriate documents such as the Provincial development Investment Plan (PDIP) to ensure that projects are in line with national policies and overall provincial development goals. 59% of line departments also strive for effectiveness and efficiency by considering their own capacity when making proposals.

Another important achievement is that PIF resources are managed more transparently than line ministry funds. A clear majority, 65%, of respondents thought Accountability Working Groups (AWGs) should monitor line ministry funds and not just the PIF, primarily because this would improve transparency and accountability and make their management more effective. 72% of participants prefer the PIF to line ministry funds, mainly thanks to the ease with which it can be coordinated and administered at the provincial level. The consultant encouraged follow up of the above results in order to gain a more in-depth understanding of why one type of funds is preferred over the other. Furthermore, it was suggested that the NCDD look into the possibility of expanding the AWG mandate.

The survey results showed that the ExComs have made an important contribution to capacity development. 84% of the respondents said that, through the ExComs, they had gained experience and capacity building. The ExComs have also helped improve coordination, resource and TA mobilization and management. 98% of the participants agreed when asked if the presence of the ExCom helps the provincial governor coordinate between sectors.

There are also challenges that need to be overcome in the future: 81% of the line department representatives said that low incentives hinder them when delivering services to the communes. Lack of transportation, time and capacity are also important constraints that between 38-69% of respondents face. To further improve the quality of the services provided, all these resource problems will need to be addressed, in particular the issues pertaining to incentives and salary supplementation.

The participants also gave suggestions for how to improve the management of the PIF. 16% said that M&E, reporting and strategic planning could be strengthened. Just as many wanted transparency and accountability to be increased, and 14% proposed improved management, communication and coordination. The consultant suggested taking an inventory of capacity building needs that could contribute to these improvements, and also highlighted the need for adequate funds and "political will" to be directed towards monitoring and evaluation processes and systems as a way of improving transparency and accountability.

Capacity development emerged as an important theme in the section about gender and NREM mainstreaming. 40-50% said capacity building would help them improve mainstreaming effectiveness. It should also be noted that only 35% of participating line departments said they had specific gender mainstreaming budgets. (And this number is likely to be somewhat misleading as almost 100% of Departments of Women's Affairs have such budgets and thus may have skewed the average.) 24% of those who did not have a specific gender mainstreaming budget said that gender activities were not a priority, and 11% said that they had no gender-related activities in their department. This, coupled with the fact that around 10% said that gender activities – and not gender mainstreaming – would be more effective suggests that the concept of mainstreaming is not understood or supported by all. It is important that this gets clarified in the future, so that mainstreaming, if pursued, is supported on all levels. No doubt it is also crucial that departments have sufficient funds to further overarching gender and NREM objectives.

Lastly, it is a noteworthy accomplishment that 35% of departments do have gender mainstreaming budgets, that most gender focal persons are participating in proposal preparation and M&E, and that around 40-50% of participants requested more gender and NREM-related capacity building.

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List of Acronyms

AFF	Agriculture, Forestry and Fisheries sector
AWG	Accountability Working Group
C/SF	Commune/Sangkat Fund
DPAM	District Priority Activity Matrix
ENV	Environment sector
ExCom	Executive Committees
EYS	Education, Youth and Sports sector
LM	Land Management sector
M&E	Monitoring and Evaluation
MoI	Ministry of Interior
NGO	Non-Governmental Organization
NREM	Natural Resources and Environmental Management
PDIP	Provincial Development Investment Plan
PIF	Provincial Investment Funds
PLA	Planning sector
PLG	Partnership for Local Governance
RD	Rural Development sector
SPPA	Senior Provincial Program Advisor
STFS	Seila Task Force Secretariat
WA	Women's Affairs sector
WR	Water Resources sector

Introduction

Background

As part of the documentation of the Seila Program (2001-2006), the Seila Task Force Secretariat (STFS) has collected information and lessons learned through three separate surveys at the provincial level: The first survey documented the experience of the ExComs. The objective of the second survey was to record the experience of the provincial line departments that had received Provincial Investment Funds (PIF), and the purpose of the third survey was to research the impact of Seila on local economic development, as experienced by contractors who had bid for Commune/Sangkat Fund (C/SF) projects. This briefing paper details the findings of the second survey on the line departments. Together with the reports on the two other surveys, it will form Volume III of the Seila Final Report 2006.

Objective of the line department survey

The objective of the survey was to document the experiences of the line departments that have received PIF. Three main themes were explored: the PIF (as compared to line ministry funds), the ExCom, and gender and NREM mainstreaming.

Methodology

The survey questionnaire consisted of fifteen questions and was designed by Partnership for Local Governance (PLG) and Seila staff. It was approved by the Ministry of Interior (MoI) and the STFS, then discussed in detail with the Senior Provincial Program Advisors (SPPAs) in a meeting. The PLG M&E advisor tested the questionnaire in one province and made adjustments accordingly. (See annex 1 for the Khmer and English versions of the questionnaire.) In total, there were 251 respondents from a wide variety of sectors. Most questions had both a closed and an open-ended element to them, where respondents were usually asked to answer a question by ticking one or several predefined options, and then explain their choice(s). In one case, respondents had to prioritize their responses.

The PLG M&E advisor sent the Khmer language questionnaires and instructions to the SPPAs via email. During two weeks following the reception of the questionnaires, the SPPAs made queries to the M&E advisor and to the program advisors for clarifications. The SPPAs were then responsible for arranging a session where the survey was distributed to one representative of each participating line department, usually the director or a person involved with PIF subcontracting and who was designated by the director. Before the representatives started to fill out the questionnaire, the SPPAs explained all questions. The SPPAs remained in the room in the event that respondents needed to ask for clarifications. Once completed, the participants were asked to put their questionnaire in an envelope and to seal it in order to ensure anonymity. The envelopes were sent to the STFS in Phnom Penh without being opened in the provinces.

Before entering the data into a simple database, the PLG M&E Advisor and the STFS M&E Officer translated it into English and grouped open-ended answers into similar categories. Lastly, the data was analyzed by an independent consultant who also wrote this briefing paper.

The results from each question and type of answer have been presented in percentage form calculated by dividing the number of respondents answering in a particular way by the total number of respondents (usually 251, but not always). If a response was selected by fewer than 10% of all participants, but more than 5%, it has been mentioned without its percentage. If a response was chosen less often it has not been mentioned in the text. Diagrams, tables or

charts have been used where it was thought to give the reader a good overview of the main results. (See appendix 2 for the spreadsheets containing the raw data.)

The responses to several questions have been broken down by eight sectors: Agriculture, Forestry and Fisheries (AFF), Education, Youth and Sports (EYS), Environment (ENV), Land Management (LM), Planning (PLA), Rural Development (RD), Water Resources (WR) and Women's Affairs (WA). These sectors are highlighted because they were the most well represented (defined as a participation rate of more than 75% of all provincial departments) in the survey. If the response within a particular sector differed more than +/- 10% compared to the overall average, it has been noted. Because of the small number of total participants and maximum number of departments (24 each), it is important that the reader not draw too many conclusions based on these differences in proportion.

Limitations

The consultant found some small errors with the formulation of the questions and predefined responses; these errors are mentioned in the findings section where relevant.

Due to time and other resource constraints, it was not possible to gather all SPPAs for a session to go through each question and the instructions that were to be given to the respondents. This resulted in the email instructions not being uniformly interpreted by the SPPAs. Some instructions were not clearly understood and/or explained, which, in combination with the large number of open-ended questions, ultimately led to participants giving several invalid responses or responses that could not be easily understood by those undertaking the data entry. Nevertheless, it is the first time that such a large group of government staff – representatives from nearly all line departments currently receiving provincial investment funds – has been able to give their input on Seila, which is the largest development intervention and reform in Cambodia in recent years.

The number of invalid responses is also reported in the findings section. It is possible that some of the answers deemed invalid actually were appropriate, but were misinterpreted during the data entry.

Findings and Analysis

The respondents

There were 251 respondents representing a wide variety of sectors. The most well represented ones (defined as more than 75% of the maximum 24) were the Departments of Women's Affairs, Planning, Agriculture, Forestry and Fisheries, Rural Development, Environment, Education, Youth and Sports, Land Management and Water Resources.

Women's Affairs	24
Planning	24
Agriculture, Forestry and Fisheries	22
Rural Development	22
Environment	21
Education, Youth and Sports	21
Land Management	20
Water Resources	19
Health	14
Social Affairs	10
Information	10
Tourism	9
Culture	8
Forestry Administration	6
Labor	5
Religion	4
Mine Action	4
Commerce	2
Public Works	1
Not specified	5
Total	251

Table 1: Sectors represented in the survey

PIF and line ministry funds compared

Considerations for PIF proposals

This question allowed for five predefined answers and one open-ended "other priorities" response. Respondents were asked to choose as many answers as they wanted and to prioritize them, with 1 being "the most important", 2 being "the second most important" and so on.

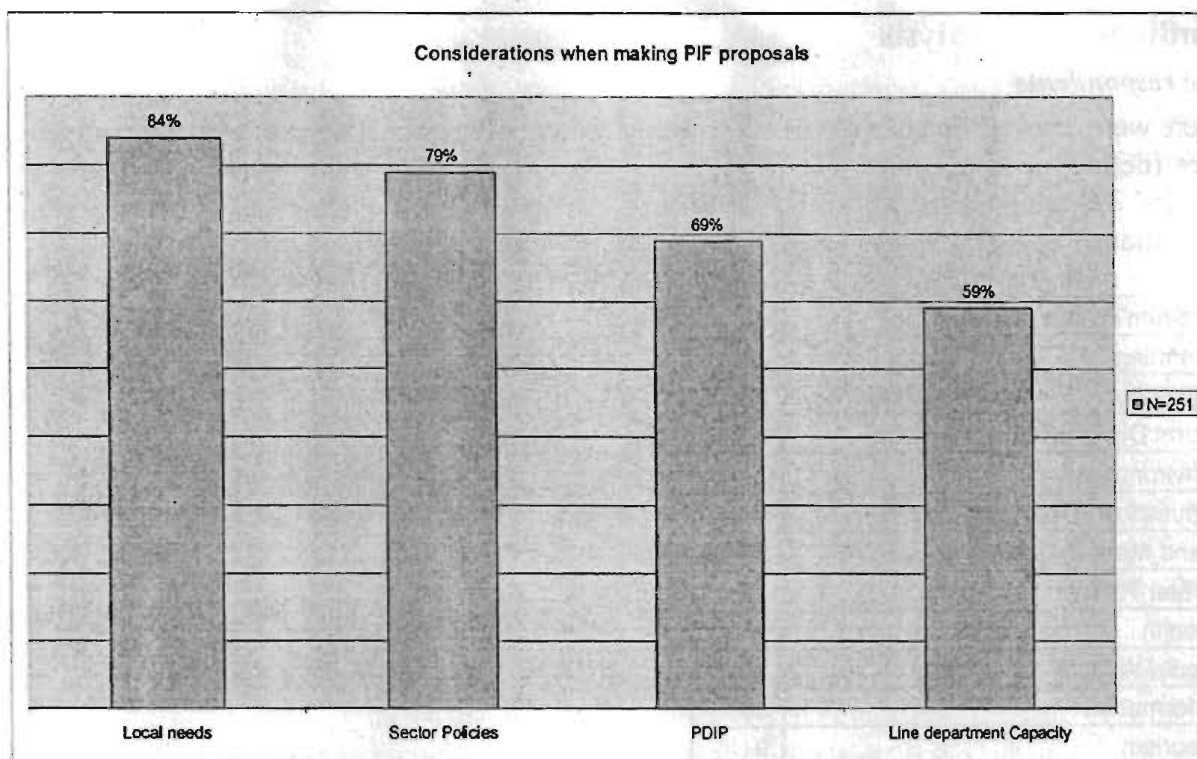


Chart 1: Considerations for PIF proposals

Local needs, as identified in the District Priority Activity Matrix (DPAM), is the most common consideration when line departments make proposals: 84% of the participants ticked this box. However, in terms of prioritization, only 13% said this was the most important, while 34% said it was the second most important and 35%, said it was the third most important. Among the eight highlighted sectors, four chose this alternative more often than the average: WA (96%), AFF, RD and ENV (all 95%).

The Provincial Development Investment Plan (PDIP) is also consulted by many respondents: 78%. Three of the key sectors appear to base their proposals on the PDIP more often than the average: PLA (100%), WR (95%) and WA (88%). Lastly, 29% called the PDIP the most important, 35% the second most important and 12% the third most important.

A majority of the line departments also consider sector policies when making proposals: 69%. However, only 8% of participants called this the most important, 16% said it was the second most important and 61% the third most important. WA (88%) and ENV (86%) consulted sector policies more often than the average, whereas RD (50%) and WR (42%) used them less often. Participants were asked to specify which policies they referred to, but most either chose to not specify (24%) or gave an invalid answer (23%). The most commonly cited policies related to the environment, general development and education.

Lastly, 59%, said line department capacity was factored in. Results were similar in all sectors, except WA (41%). As many as 40% of participants rated this as the most important, 13% as the second most important and 5% as the third most important.

The fact that so many respondents mentioned local needs indicates that the Seila Program's decentralization efforts have promoted local development, although more participants feel stronger about capacity matters, even though fewer people said they actually factored them in when drafting proposals. Moreover, the results concerning the PDIP, both in numbers and in terms of relative importance, suggest that the availability of the PIF may have contributed to the provincial coordination of funds and investments, which in turn may have led to more

effective and efficient use of resources. Sector policies are commonly referred to, but are not considered the most important.

Major constraints when delivering services to the communes

This question had ten predefined responses and one open-ended alternative.

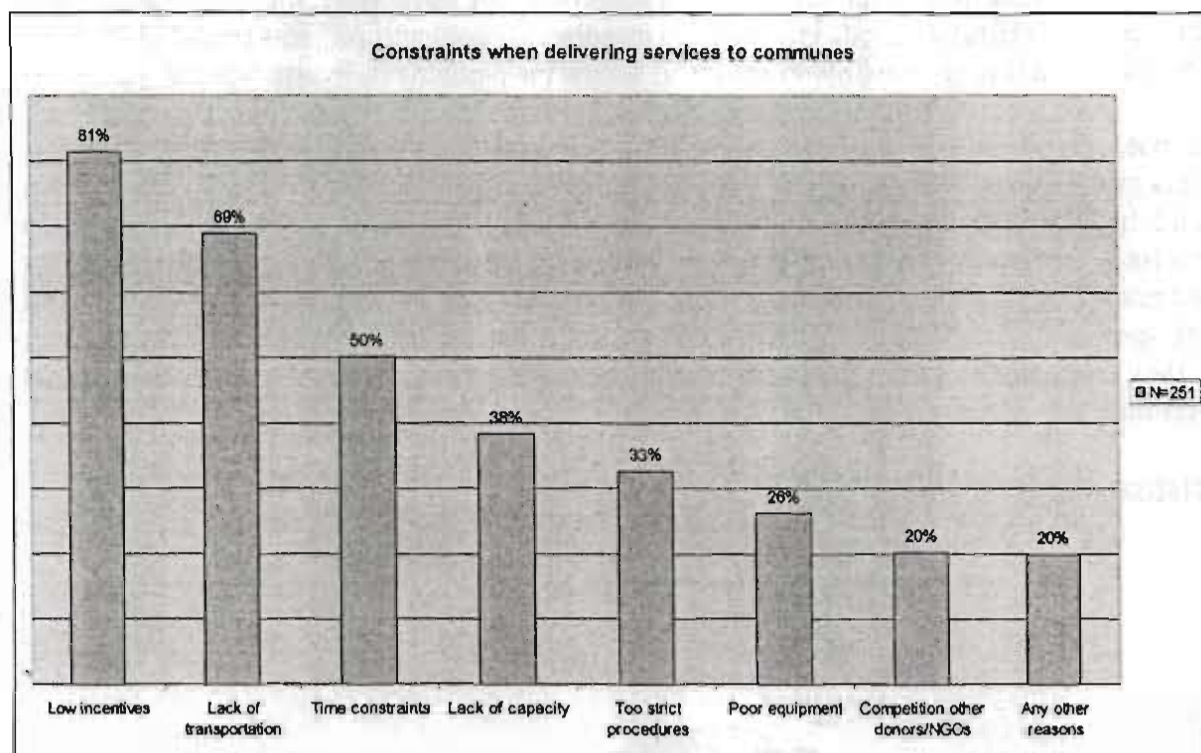


Chart 2: Constraints when delivering services to communes

The most common answer was “low incentives”: 81% chose this answer. A higher proportion of WA (95%), PLA (92%) and AFF (91%) representatives cited this as a problem.

Many departments have limited or no access to project vehicles and 69% of the participants cited lack of transportation as a constraint. Among the eight key sectors, three stand out. The AFF respondents chose this response less often (59%) than the average, whereas the RD (91%) and WR (79%) participants chose it more often. The consultant cannot say whether this is a reflection of the departments’ relative access to vehicles.

The question had two very similar response options related to time: “too much other work” and “time constraints”, but for the analysis they were combined into one “time constraints” option and corrected for duplications: 50% feel they do not have enough time. When comparing the eight sectors with the average, a noticeably smaller number of ENV and EYS had chosen one of these options compared to the average, but the consultant will refrain from citing the numbers as these have not been checked for duplications.

38% said that lack of staff capacity was a problem when delivering services to the communes. Among the key sectors, WA (54%), LM (50%) and PLA (62%) chose this answer more often than the average, whereas AFF (27%) and RD (27%) selected it less often. Besides reflecting the levels of capacity among staff members, and perhaps each department’s ability to attract the most qualified individuals, these discrepancies could be an indication of to which extent technical assistance and capacity building efforts are available within each sector.

Too strict procedures – mainly defined as budget and administrative processes being complicated or slow – was a fairly common response, 33% of participants chose it. Fewer LM representatives (15%) and more EYS (57%) and WA (46%) respondents selected this answer.

Lastly competition from other donors/NGOs was chosen by 20%. Here, the results from PLA (42%) and LM (10%) differed. The intended meaning of “competition” was primarily “higher incentives”, but it is not possible to say if this is how the participants interpreted the question.

The outcome is perhaps not very surprising given that the salaries, allowances, capacity, access to equipment, transportation and other resources are low in Cambodia in general. One would have perhaps expected more participants to find the Seila procedures or systems hindering, but the research design may have influenced those results. Most predefined options were related to resources, and there was only one option related to procedures, which also had to be specified. This, in combination with respondents being allowed to tick as many answers as they wanted without prioritizing, may have discouraged them from being more discriminating in their choices.

Preferred type of funds

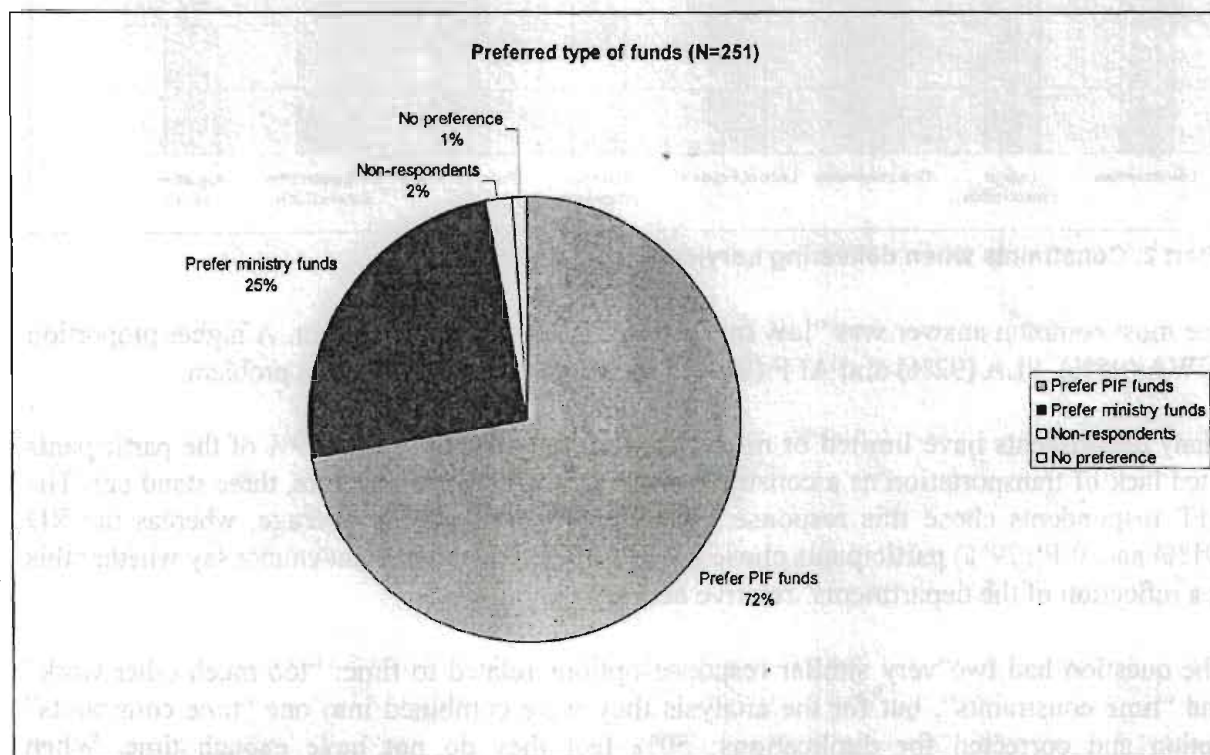


Chart 3: Preferred type of funds

72% of line department representatives preferred the PIF over line ministry funds. Here, three sectors are overrepresented: ENV (95%), WA (88%) and PLA (83%), while two are underrepresented: AFF (45%) and LM (55%). Only one third as many of those who favor the PIF, 25%, preferred line ministry funds. In this group, two sectors are overrepresented: AFF (45%) and LM (35%), and two are underrepresented: ENV (5%) and WA (12%). It is possible that the over- and/or underrepresented sectors (in both categories) reflect which ministries have the largest and smallest PIF and line ministry portfolios rather than how easy they are to manage.

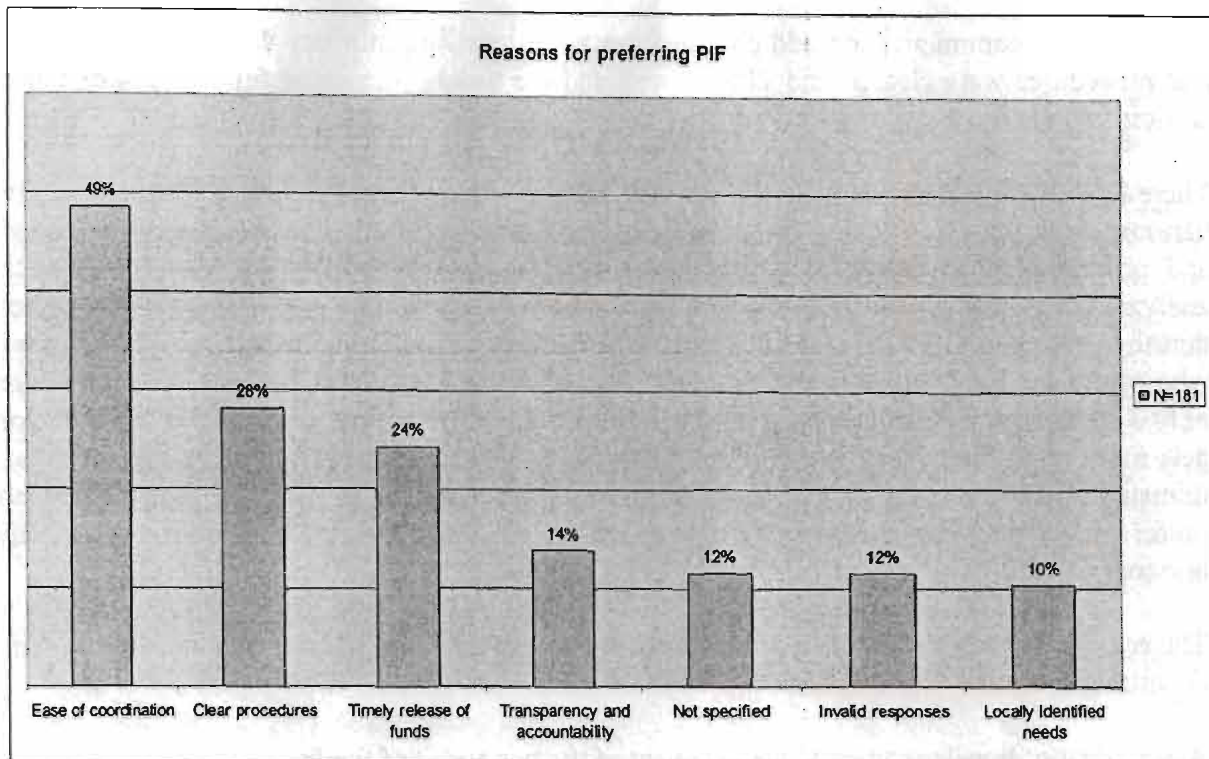


Chart 4: Reasons for preferring PIF

Those who favored the PIF gave many reasons: 49% mentioned that the funds were easy to coordinate because they are administered at the provincial level. 28% said that the procedures were clearer, while 24% cited the timely release of funds and reimbursements. 14% chose this preference for transparency and accountability reasons and 10% liked that the PIF responds to local needs. 12% did not explain their preference and 12% gave invalid responses.

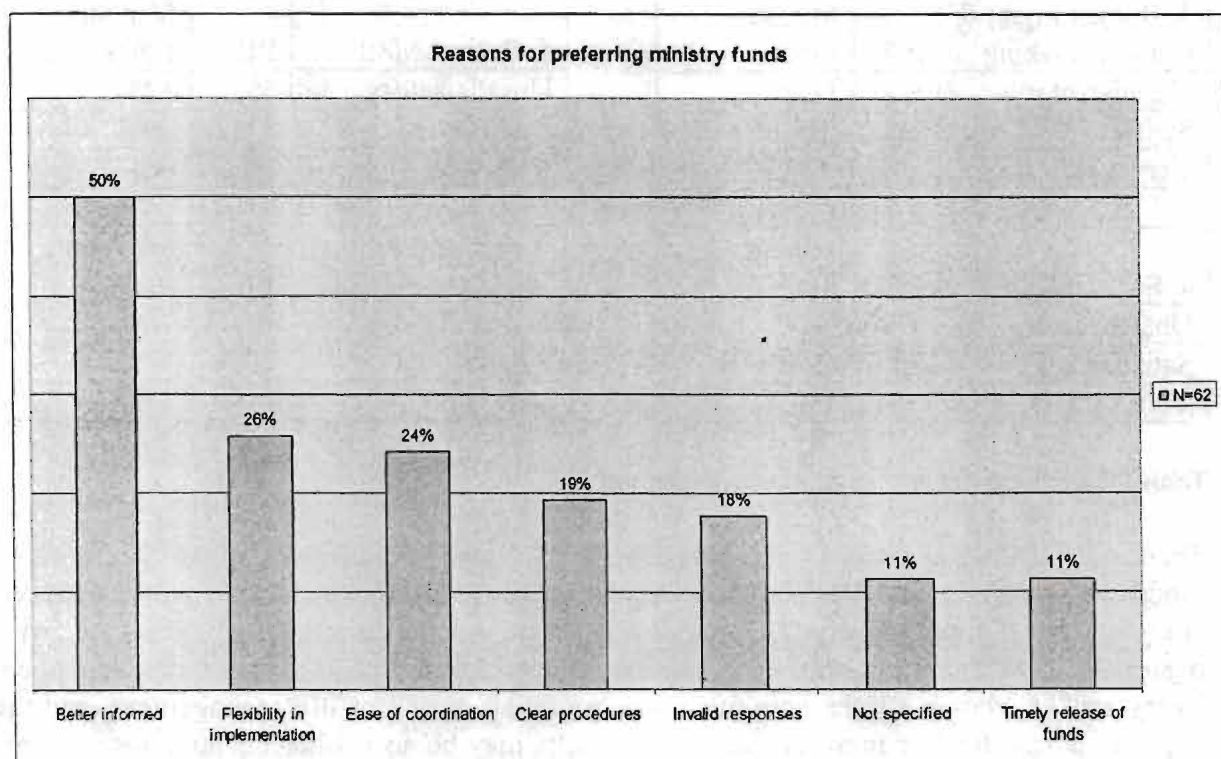


Chart 5: Reasons for preferring ministry funds

50% of those who preferred ministry funds said their ministry is better informed of their activities. 26% favored them because they allow for more flexibility in implementation, while

24% said that communication and coordination with their line ministry was better. 19% felt that procedures were clearer, and 11% appreciated the timely release of funds. 11% of these participants did not explain their preference and 18% gave invalid answers.

There is a clear preference for the PIF among the participants and the reasons for this are in harmony with the ideas behind the Seila Program: providing funds that are locally managed and programmed according to unambiguous and transparent procedures. It is harder to analyze the reasons given for the line ministry preference. (And the reader should remember that the percentages are based on different total number of participants, so the 50% of those who prefer the PIF are 90 people, whereas 49% of those who prefer the ministry funds are only 31.) The preference could simple be a reflection of the source from which each sector gets most of its funds. Furthermore, one might think that Seila funds are more flexible than ministry funds because they can be locally programmed, but it is possible that those who prefer ministry funds value the vertical (ministry) ease of coordination higher than the horizontal one.

The results also suggest that there may be room for improvement in how Seila and provincial departments liaise with ministries.

Assessment of line departments' management of the two types of funds

2. Project proposal preparation	PIF	Ministry funds
Unsatisfactory	3%	6%
Satisfactory	84%	84%
Very well	13%	10%

5. Civil works construction	PIF	Ministry funds
Unsatisfactory	11%	14%
Satisfactory	83%	81%
Very well	6%	5%

3. Budget mgmt & decision-making	PIF	Ministry funds
Unsatisfactory	5%	11%
Satisfactory	83%	83%
Very well	12%	6%

6. Project M&E	PIF	Ministry funds
Unsatisfactory	6%	12%
Satisfactory	81%	80%
Very well	13%	8%

4. Service delivery	PIF	Ministry funds
Unsatisfactory	4%	14%
Satisfactory	89%	79%
Very well	7%	7%

7. Responsibility and accountability	PIF	Ministry funds
Unsatisfactory	4%	10%
Satisfactory	77%	77%
Very well	19%	13%

Tables 2 – 7: Line departments' management of funds

The results of the comparison of the line departments' own management of the two types of funds can be seen in the tables above. All aspects of both types of funds are primarily judged "satisfactory" (falling between 77% and 89%). There is only one notable difference, with regards to service delivery, where participants think that their PIF funds are better managed. "Very well" is chosen a little more often than "unsatisfactory" for PIF management, and the opposite is true for line ministry funds. The results may be so similar because respondents were asked to judge their own management, not the actual systems and procedures.

Making the management of PIF and line ministry funds more effective
This question was open-ended.

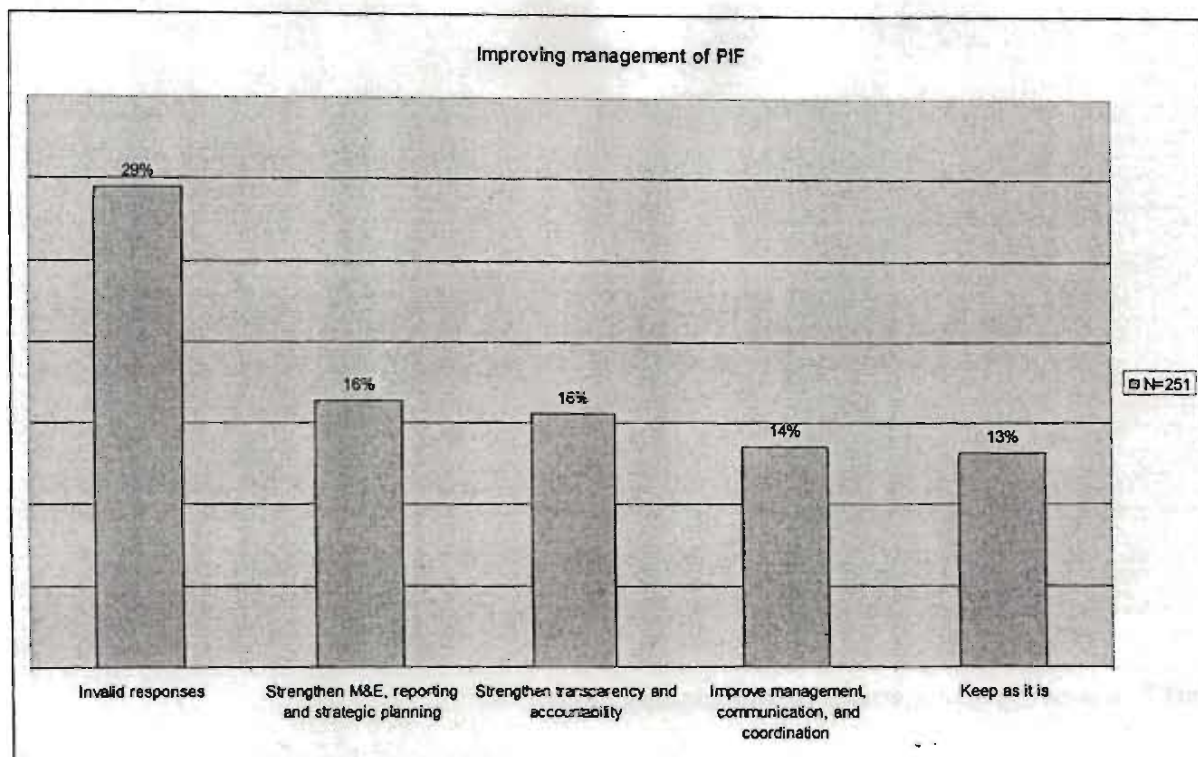


Chart 6: Improving management of PIF

The four most common valid responses on how to improve the management of the PIF were: “strengthen M&E, reporting and strategic planning” (16%), “strengthen transparency and accountability” (16%), “improve management, communication and coordination” (14%) and “keep as it is” (13%). The other, less frequent, responses were related to incentives, capacity building, simplifying budget procedures and improving the timeliness of budget releases. 23% of the answers were invalid.

The large number of invalid responses makes it difficult to analyze and draw conclusions from the results, although they seem to suggest that some of the systems could be made better and that capacity building of department staff (in areas such as M&E and management) is needed. It is interesting to note that these answers are noticeably different from the more resource-focused responses to the question about constraints when delivering services to the communes. It is likely that the discrepancy is a result of the questions being designed so differently.

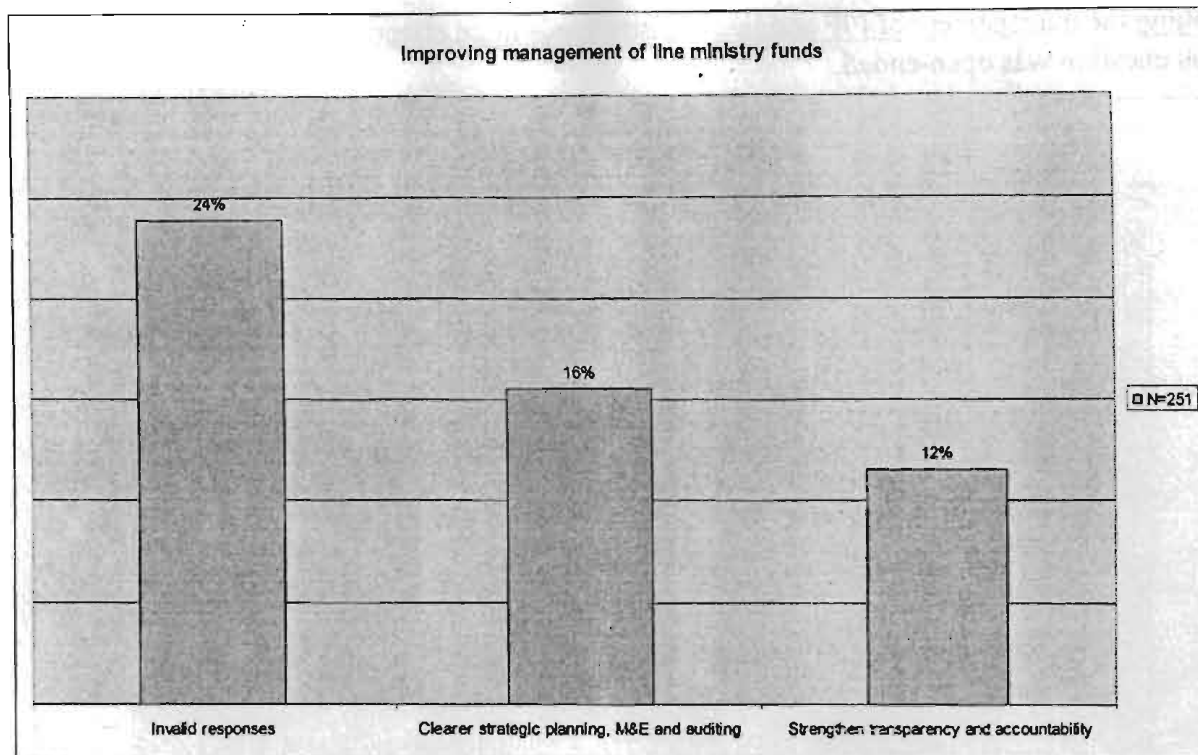


Chart 7: Improving management of line ministry funds

The two most common valid responses relating to making the management of line ministry funds more effective were: “clearer strategic planning, M&E and auditing” (16%) and “strengthen transparency and accountability” (12%). Other answers were related to improved management, increased capacity building and simplifying budget procedures. Most answers, however, were invalid: 29%. (Because only a small number of respondents selected each answer to both of these questions, they will not be compared by sector.)

Expanding the mandate of Accountability Working Groups

The participants could answer “yes” or “no” to whether or not they thought Accountability Working Groups (AWG) should monitor the use of line ministry funds.

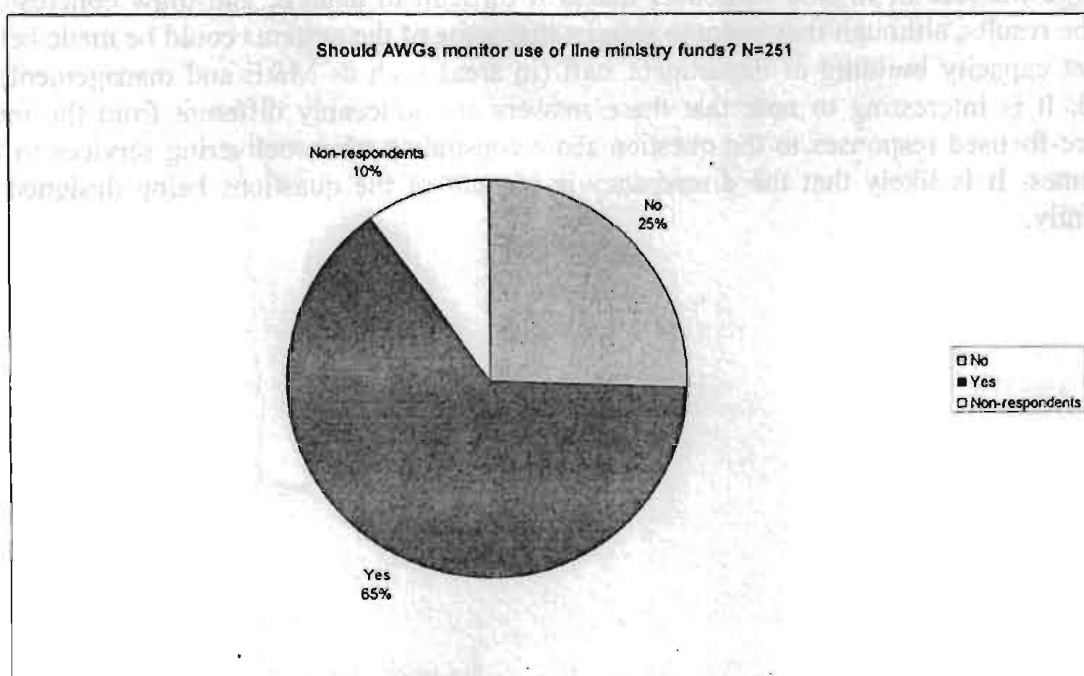


Chart 8: Should AWGs monitor line ministry funds?

65% of the respondents said yes. A smaller proportion of RD representatives (55%) agreed, whereas a higher number of AFF (77%) and WA representatives (75%) also chose “yes”. Those who did not want the group to expand its mandate made up 25% of all respondents. Here, fewer AFF participants (14%) and more RD representatives (41%) selected “no”. 10% of participants did not answer the question.

Those who thought AWGs should be used to improve the accountability in the use of line ministry funds said it would improve transparency and accountability (63%) and that management and implementation would become more effective (40%). 19% of the explanations were invalid. The reasons for *not* wanting the group to monitor line ministry funds were: “such a mechanism is already in use” (42%), “line department is capable enough” (17%), “NGOs operate projects themselves” (14%) and “it is complicated” (12%). 36% of the specifications were invalid.

These results show that a majority of line department representatives think Seila and its Accountability Working Groups have contributed to improving accountability and transparency in the use of PIF resources and that they should play a role in monitoring how line ministry funds are utilized.

Other funds that can be programmed according to line departments’ priorities

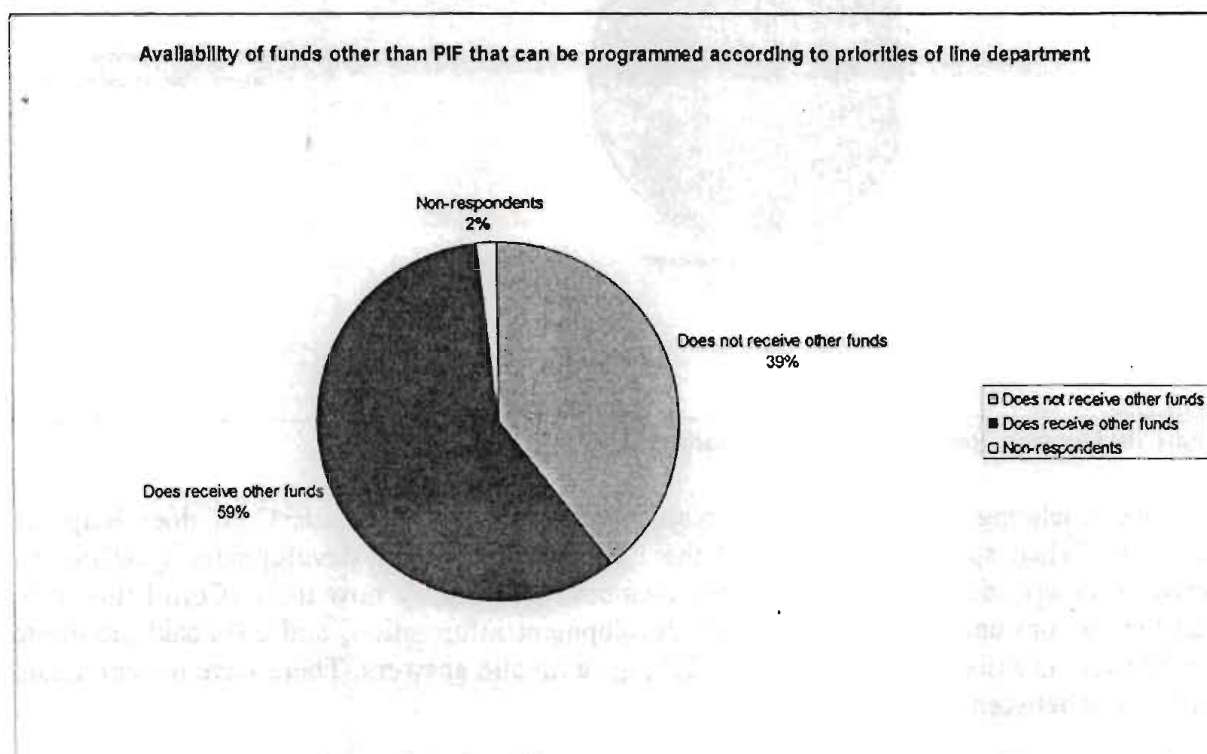


Chart 9: Availability of funds other than PIF

59% of the participating line departments said they receive other funds that they can program according to their needs, and 39% do not. The funds mainly come from NGOs (53%), the line ministries (38%), development banks (30%), UN agencies (22%) and/or bilateral donors (14%). Among the departments that receive other funds, six of the eight key sectors stand out: EYS (100%), RD (95%), WR (79%), LM (45%), ENV (33%), and PLA (12%). Four participants did not answer this question.

The ExComs

The survey contained three questions on the ExComs, each concerned with who/which institutions it may have impacted: if and how it helps the *governor* coordinate sectors, how it has benefited the performance and service delivery of the *line department*, and what it has meant to each *individual respondent*.

Impact on governor's ability to coordinate between sectors

Respondents were asked if they thought the ExCom had helped their governor coordinate between sectors. They could answer yes or no, and were asked to explain why they chose one answer over the other.

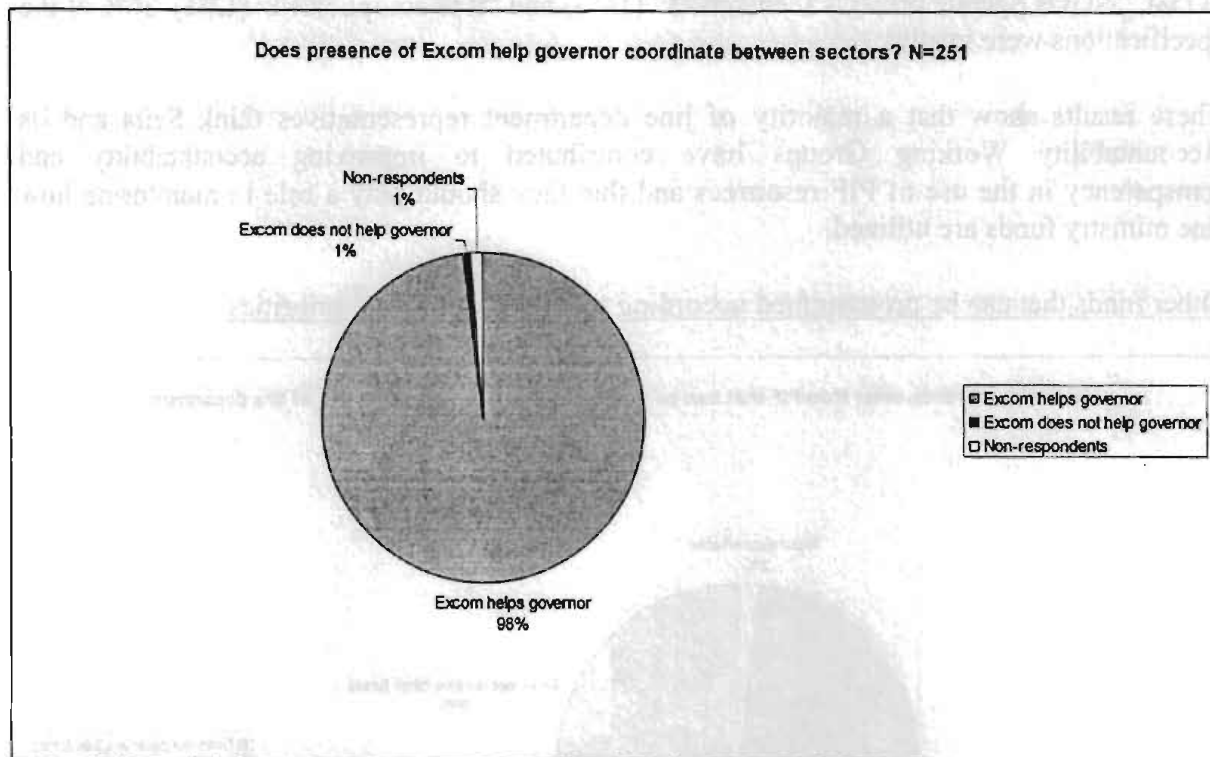


Chart 10: Does ExCom help governor coordinate between sectors?

The overwhelming majority, 98% of respondents, said “yes”, the ExCom does help the governor. When specifying, 70% said the ExCom assists with development coordination between sectors and NGOs, although this does not really clarify how the ExCom helps. 27% said the ExCom updates the governor on development information, and 23% said the group functions as an assistant to the governor. 21% gave invalid answers. There were no significant differences between the sectors.

Impact of ExCom on the performance and service delivery of line departments

This question was open-ended. One limitation with the question is that it assumes that the ExCom has benefited the departments. Nevertheless, three respondents said there was no contribution, while the remaining answers gave a clear picture of the most important contributions made by the ExCom.

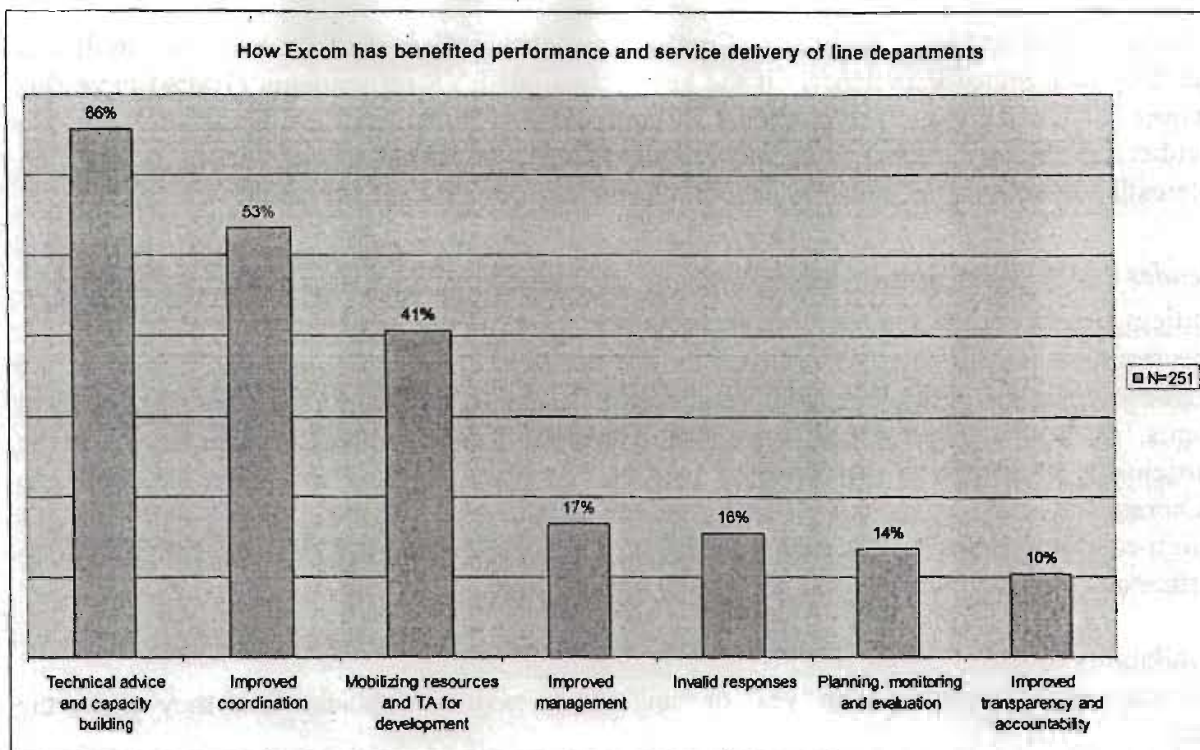


Chart 11: How ExCom benefits line departments

66% said that their department has benefited from advice and capacity building. A higher number of WA and PLA representatives (both 79%) and fewer AFF (45%), LM (45%) and WR (47%) participants mentioned this benefit. 53% said the ExCom had contributed with improved coordination. Here, AFF (77%), ENV (71%), EYS (71%) and RD (41%) participants stood out. Lastly, 41% said ExCom has contributed by mobilizing resources and technical assistance for development. LM (65%) and AFF (55%) respondents answered somewhat differently here. Other benefits mentioned were: better management, planning, monitoring and evaluation and the strengthening of transparency and accountability. 16% of the answers were invalid.

Impact of ExCom on individual respondents

This question was also open-ended.

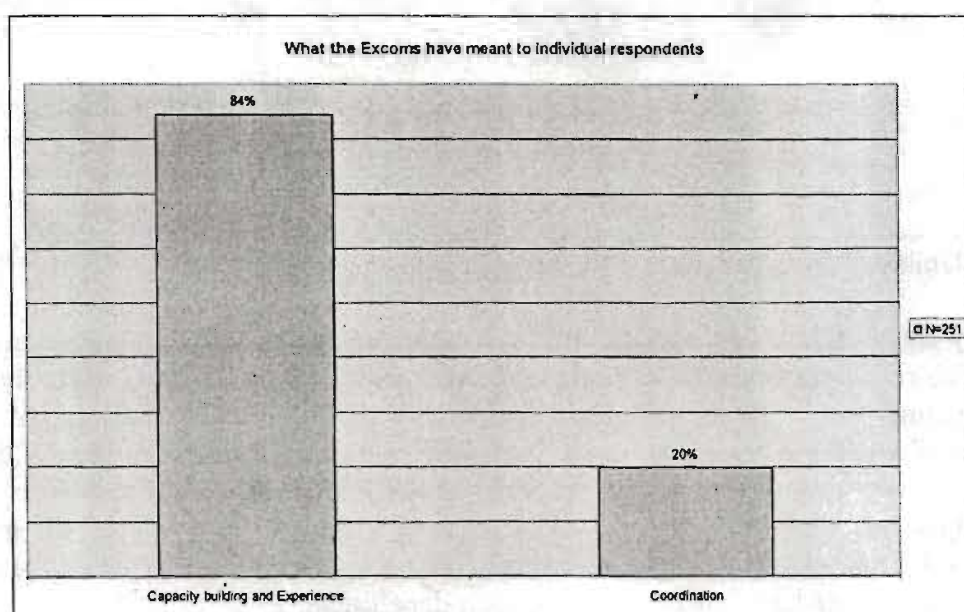


Chart 12: What ExComs have meant to individual respondents

A large proportion, 84%, said the ExCom had meant that their capacity had been built and that they had gained experience. Of the key sectors, all EYS respondents (100%) gave this answer. 20% of all participants said the ExCom had contributed with coordination. A higher number of LM representatives (35%) mentioned this, but other sectors did not stand out. Interesting to note is that only a few said it had made them more accountable.

Gender and NREM mainstreaming

Participation of gender and M&E focal points in proposal preparation and M&E

The results from this question are hard to interpret as its formulation and the design of the response options were problematic. The question encompasses both gender and M&E focal points, as well as both the PIF proposal preparation and the M&E processes, but the participants could only choose between one “yes” or a “no” answer (they were also asked to elaborate on their “no” choice). Nevertheless, 205 respondents said “yes” and 36 said “no”. 11 refrained from answering. Due to these design limitations, the consultant will not elaborate further on these numbers that should be used with caution.

Availability of specific budget in PIF for gender mainstreaming

The respondents could answer “yes” or “no” and to give an explanation if they chose the latter.

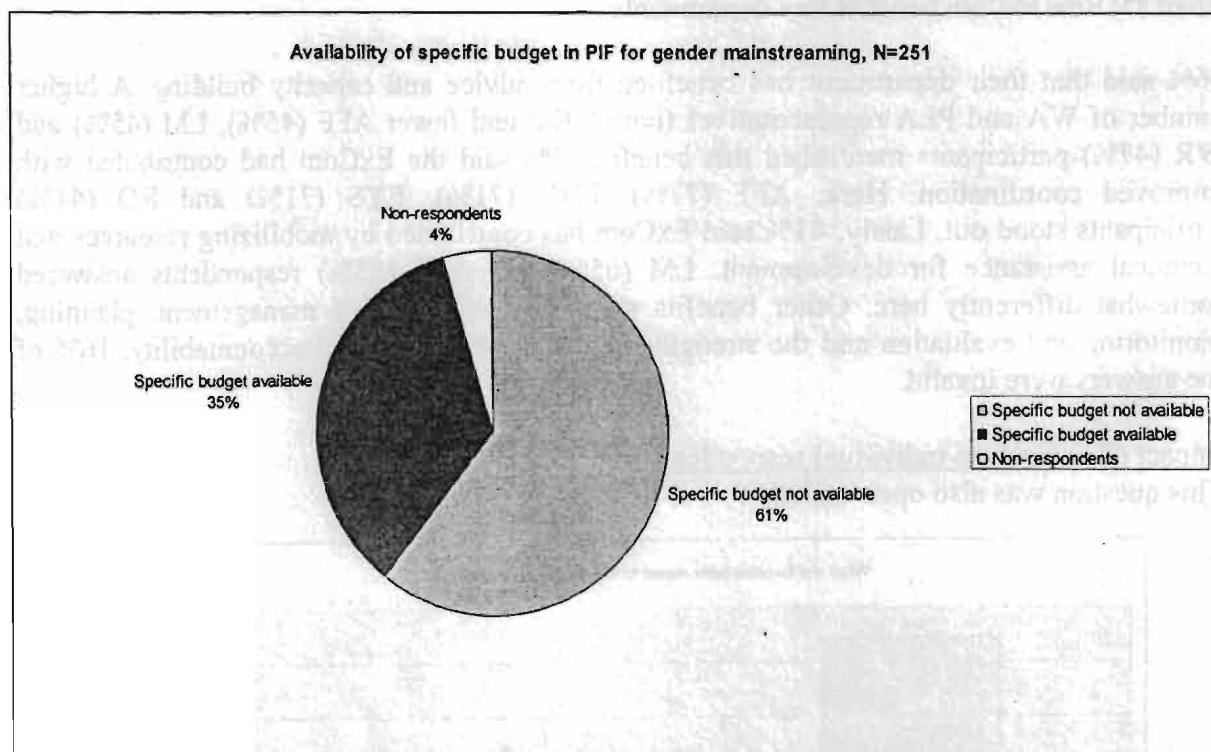


Chart 13: Availability of specific budget in PIF for gender mainstreaming

61% said they did not have any specific budget to support gender mainstreaming in their department. The responses from the key sectors vary a great deal and it is possible that the variation, spanning from 6% to 86%, has contributed to an average that is not very representative: WA (6%), AFF (50%), LM (70%), WR (79%), EYS (81%), and RD (86%). When explaining why they did not have a specific budget, 31% gave invalid responses, 28% said their budget was limited or that they did not have a specific budget line for gender activities. 27% did not specify and 24% said that gender activities are not a priority. Lastly, 11% said there are no gender-related activities in their department.

35% said their department does have a specific mainstreaming budget. Again, the key sectors' answers vary greatly (from 9% to 96%): RD (9%), EYS (19%), LM (20%), WR (21%), PLA (45%) and WA (96%).

The results suggest that the concept of gender mainstreaming has gained some popularity in the line departments, but that it is not widespread. Not surprisingly, it is the Departments of Women's Affairs that are most likely to have a specific mainstreaming budget. The findings could also mean that many departments prefer gender specific projects to mainstreaming and/or do not understand the concept of mainstreaming.

Areas to strengthen effectiveness of gender mainstreaming

This question was open-ended.

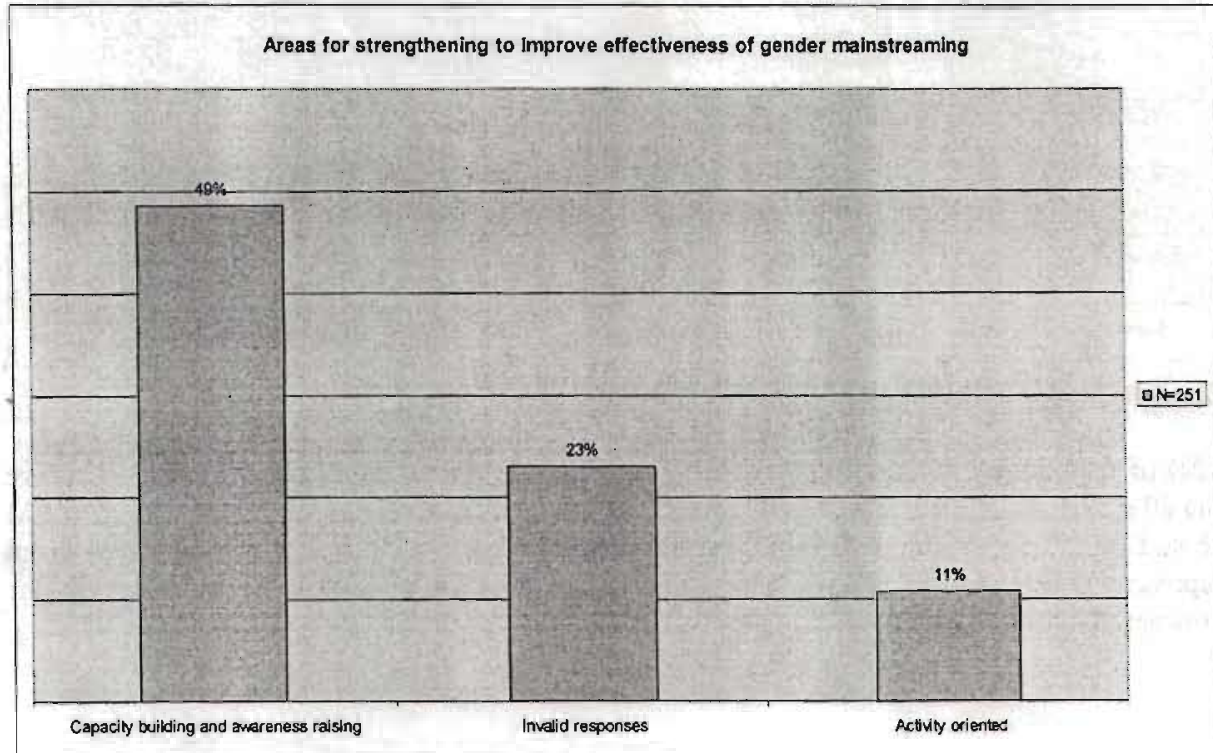


Chart 14: How to improve effectiveness of gender mainstreaming

Almost half of the respondents, 49%, said that capacity building and awareness-raising were necessary for gender mainstreaming to become more effective within their sector. 23% gave invalid responses and 11% said that gender should be activity-oriented. As with the above question, it is possible that some department staff either prefer gender activities and/or do not understand the concept of mainstreaming.

Areas to strengthen effectiveness of NREM mainstreaming

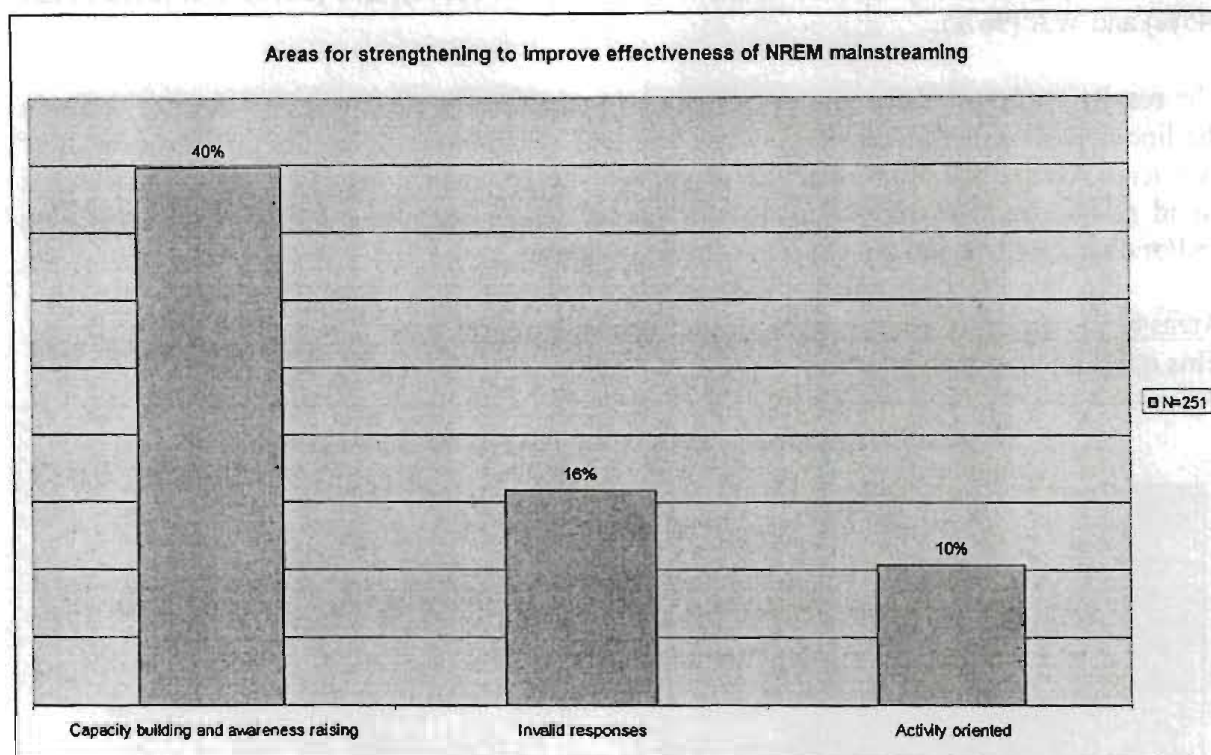


Chart 15: How to improve effectiveness of NREM mainstreaming

40% of respondents said that capacity building and awareness-raising were needed to improve the effectiveness of NREM mainstreaming. 16% gave invalid responses and 10% said NREM should be activity-oriented. Similarly to the previous question, this suggests that department representatives prefer NREM specific projects to mainstreaming and/or do not understand the concept of mainstreaming.

Conclusions

The survey showed that, according to line department representatives, the Seila program has made a significant contribution to decentralized development in Cambodia. The availability of the PIF and the establishment and implementation of decentralized systems has made it possible for line departments to consider local needs when they prioritize the use of funds. Similarly, the PIF and the ExCom have contributed to a higher degree of provincial coordination, which is likely to have improved the effectiveness and efficiency with which resources are used.

Another achievement is that PIF funds are managed more transparently than line ministry funds. A clear majority of respondents thought AWGs should monitor line ministry funds and not just the PIF, primarily because this can improve transparency and accountability and make their management and implementation more effective. Three times as many participants prefer the PIF to line ministry funds, mainly as a result of the ease with which it can be coordinated (all at provincial level) and administered.

- It could be beneficial to follow up the above results with more research in order to gain a deeper understanding of why one type of funds is preferred over the other. Furthermore, the NCDD should look into the possibility of expanding the AWG mandate.

The survey also documented the positive impact of the ExComs on the sectors. Line departments in general, and also individual respondents, have primarily benefited from technical advice and capacity building. They have also contributed with improved coordination, resource and TA mobilization and improved management, planning and M&E.

In spite of the above successes, there are challenges that need to be overcome: low incentives, lack of transportation, time and capacity, and too strict procedures are the main constraints departments face when delivering services to the communes.

- To ensure high quality provision of services to communes, it is of utmost importance to further investigate what optimal incentive/salary supplement levels are and to which extent vehicle/equipment and capacity constraints are preventing the effective use of funds.

The type of capacity development that respondents need was suggested in other areas of the survey. The participants were asked to propose how the effectiveness with which the PIF is managed could be improved. While a third of the answers were hard to interpret, some key points still emerged: 1) strengthening M&E, reporting and strategic planning, 2) increasing transparency and accountability and 3) improving management, communication and coordination.

- The transferal of STFS responsibilities to the NCDD is an opportune time to take an inventory of capacity building needs. It is possible that many line department staff will request support in the areas of M&E, strategic planning, management, communication and coordination.
- Aside from developing M&E *capacity*, the NCDD should research how improvements could be made to the M&E *system*. Earmarking appropriate amounts of resources and emphasizing the system's importance is fundamental to the improvement of transparency and accountability.

The main theme that emerged in relation to gender and NREM mainstreaming was also the need for capacity building. Furthermore, some participants would prefer gender and NREM activities to be project-based, rather than mainstreamed; most departments do not have specific mainstreaming budgets. It is not clear if this opinion is based on experience and knowledge, or if it is due to a lack of understanding of the general concept of mainstreaming.

- It is important that knowledge and attitudes related to gender and NREM mainstreaming are clarified in the near future. No doubt the availability of resources and capacity building influence line departments' viewpoints, but successful mainstreaming can only take place if it is understood and supported on all levels.

Having said the above, the fact that around one third of departments do have gender mainstreaming budgets, that many gender focal persons are participating in proposal preparation and M&E, and that around half of the participants requested more gender and NREM-related capacity building is an accomplishment.

Contractor Survey

Final Briefing Paper, December 2006

Pia Wallgren, Consultant

Executive Summary

The Seila contractor survey is one of three parts in Volume III of the Seila Final Report (2001-2006). The objective of the survey was to research local economic development in the private sector from the viewpoints of private contractors who had experience working on Commune/Sangkat Fund (C/SF) contracts. There were four main themes: 1) basic and background information about the contractors, 2) experience of bidding and contracting, 3) assets and investments and 4) revenue and employment.

The survey questionnaire consisted of 24 closed questions. 78 contractors from 21 provinces and municipalities (all excluding Kep, Koh Kong and Pailin) were randomly selected to participate in the survey.

A large amount of basic and background data was collected on the contractors. The average contractor belonged to at least two contractor classes. 79% were general constructors, 68% were specialized in earthworks, 29% were local contractors and 14% were well drillers. 41% had been in the construction contracting business for 5-10 years, 25% had 0-4 years of experience and 22% had been in this line of work for as many as 11-20 years.

82% had previous private sector or other business experience, 14% had worked for the government. 59% of the participants still performed this other type of work, 30% did not. For instance, 29% were currently transporters, while 22% were sellers and 13% were manufacturers.

68% of the participants had been on a contractor list for 2-4 years. Before being on a list, 47% had experience working as sub-contractors on C/SF projects. 19% of the participants continue to work as sub-contractors. 86% of the contractors were on a list in one or two provinces in 2006.

The survey contained a number of questions that compared contracting and bidding between C/SF, non-C/SF government, non-governmental organization (NGO) and private sector projects. 16% of the contractors had no other formal bidding experience other than C/SF contracts. 63% had bid for other government projects, 50% had bid for NGO contracts and 50% had bid for private sector contracts. Over 50% had bid for two or more types. The government and NGO sector offered written contracts 98% of the time, whereas the public sector only did so in 55% of cases.

When comparing the sectors on six aspects of the contractual relationship, the C/S Fund scored the highest on all counts. 89% thought the C/SF had the fairest selection process. 83% said the C/SF had the clearest pre-bidding information. Although only 56% said that C/SF contracts were the clearest, that was still significantly more than the 20% that said NGO contracts were the most unambiguous. 70% of respondents said C/SF contract adherence was the best, only 19% preferred NGO clients in this regard.

When it comes to ease of payment, the C/S Fund again scored the highest with 44%. Here the NGO and private sectors scored somewhat better than on other aspects with 27% and 23%, respectively. Lastly, the C/SF procedures were the least corrupt according to 56% of the contractors. 23% said the private sector was the least corrupt, while 20% chose the NGO sector. No one said that non-C/SF government contracts were the least corrupt. The results were very positive; nonetheless the consultant suggested looking into why the C/S Fund didn't score as well when it came to "lack of corruption" and "ease of payment" as it did in other categories.

Many contractors had assets of relatively high value. 90% owned a house, 78% of which were worth at least US\$10,000 and as many as 18% were valued over US\$100,000. Only 35% owned a house for their business or office. 11% of those houses/offices were worth US\$1-10,000, 14% were worth US\$10,001-50,000. 8% were worth over US\$100,000. At least 80% also owned cars, vehicles and construction equipment, the value of which was distributed evenly from US\$1->US\$100,000.

Only 25% of the contractors owned farmland, the majority of which was worth US\$1-25,000. Many more, 55%, owned "other land"; almost half of it was worth over US\$50,000.

In spite of having a wide range of very valuable assets, only 19% had car insurance, 5% had equipment insurance and 3% had house insurance. Somewhat more participants owned health insurance for themselves or their employees: 13% and 8%, respectively. It is likely that this was due to a lack of insurance services as well as low knowledge about and trust in insurance companies.

60% of contractors had bank accounts, although only 45% used them when they have money left they didn't need to spend. 44% kept their money "in a safe place". 24% invested extra money in land. Again, this was probably representative of a lack of and distrust in available services. This was further confirmed by the fact that 76% preferred to use their own money for buying equipment and operating costs. Only 5% would turn to a bank first. It is likely that this situation is a sign of untapped local economic development and the consultant suggested investigating these issues more in-depth.

In 2005, 50% of the participants were making between US\$10,001 and US\$100,000 in construction revenues. 33% were making under US\$10,000 and 19% were making over US\$100,000. While the consultant was able to track some increases and decreases in revenue between the years 2001 and 2005, several likely changes in income were not traceable due to the wide US\$10,001 to US\$100,000 bracket used in the survey. For instance, a contractor could have gone from a revenue of US\$20,000 to US\$80,000 and still be in the same bracket. Nevertheless, the consultant tracked some change among 43 of the 78 participants. Since 2001, at least 10 contractors had increased their revenues and at least 3 decreased.

Among the 40 contractors providing data, 21 made 21-60% and 16 made 61-100% of their construction related revenues in 2005 from C/S Fund contracts. Most appear to derive approximately the same proportions of revenue from the C/S Fund, other government and NGO contracts and the private sector. If the percentages are representative, it would mean that most contractors participating in the survey depended on the C/S Fund for significant portions of their income. The consultant suggested further research to gather more solid evidence of the impact the C/S Fund may have had on contractors' revenues.

64% of participants did not hire accountants to keep their books or to prepare their tax statements, 26% did. 75% of contractors had one to four estimated regime 3% licenses, while one 21% had one real regime 10% patent license. 9% had both types of licenses.

Lastly, the data suggests that over 2,000 permanent (900) and seasonal staff (1,400) were hired by the contractors in 2006. The consultant proposed more in-depth research in order to say to which extent the C/S Fund contributed to this year's employment as well as that of previous years.

List of Acronyms

AFF	Agriculture, Forestry and Fisheries sector
AWG	Accountability Working Group
CDC	Commune Development Committee
C/SF	Commune/Sangkat Fund
DPAM	District Priority Activity Matrix
ENV	Environment sector
ExCom	Executive Committees
EYS	Education, Youth and Sports sector
LM	Land Management sector
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organization
NREM	Natural Resources and Environmental Management
PDIP	Provincial Development Investment Plan
PIF	Provincial Investment Funds
PLA	Planning sector
PLG	Partnership for Local Governance
RD	Rural Development sector
SPPA	Senior Provincial Program Advisor
STFS	Seila Task Force Secretariat
WA	Women's Affairs sector
WR	Water Resources sector

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Introduction

Background

As part of the documentation of the Seila Program (2001-2006), the Seila Task Force Secretariat (STFS) has collected information and lessons learned through three separate surveys at the provincial level. The first survey documented the experience of the ExComs. The objective of the second survey was to record the experience of the provincial line departments that had received Provincial Investment Funds (PIF), and the purpose of the third survey was to research the impact of Seila on local economic development, as experienced by contractors who had bid for Commune/Sangkat Fund (C/SF) projects. This briefing paper details the findings of the third survey on the contractors. Together with the reports on the two other surveys, it will form Volume III of the Seila Final Report 2006.

Objective

The objective of the survey was to research the impact of Seila on local economic development, as experienced by contractors who had bid for C/SF projects. Four main themes were explored: 1) basic and background information on contractors, 2) contractors' experience of bidding and contracting, 3) contractors' assets and investments and 4) contractors' revenues and employment.

Methodology

The survey questionnaire consisted of 24 closed questions and was designed by Partnership for Local Governance (PLG) and Seila staff. It was approved by the Ministry of Interior (MoI) and the STFS, then discussed in detail with the Senior Provincial Program Advisors (SPPAs) in a meeting. The PLG Monitoring and Evaluation (M&E) advisor tested the questionnaire in one province and made adjustments accordingly. (See annex 1 for the Khmer and English versions of the questionnaire.) Participants were chosen randomly. In total, there were 78 respondents from 21 provinces/municipalities (all except Kep, Koh Kong and Pailin).

The PLG M&E advisor sent the Khmer language questionnaires and instructions to the SPPAs via email. During two weeks following the reception of the questionnaires, the SPPAs made queries to the M&E and program advisors for clarifications. The SPPAs were then responsible for arranging a session where the survey was distributed to the randomly selected contractors in their province. The SPPAs explained one question and then let the contractors answer it before explaining the next and so on. Once completed, the participants were asked to put their questionnaire in an envelope and to seal it in order to ensure anonymity. The envelopes were sent to the STFS in Phnom Penh without being opened in the provinces.

Before entering the data into a simple database, the PLG M&E Advisor and the STFS M&E Officer translated it into English. Lastly, the data was analyzed by an independent consultant who also wrote this briefing paper.

The results from each question and type of answer have usually been presented in percentage form calculated by dividing the number of respondents answering in a particular way by the total number of respondents (usually 78, but not always). Diagrams, tables or charts have been used where it was thought to give the reader a good overview of the results. (See appendix 2 for the spreadsheets containing the raw data.)

Limitations

The consultant found some small errors with the formulation of the questions and predefined responses; these errors are mentioned in the findings section where relevant. For instance, although the main objective of the survey was to track impact on local economic development, the questions rarely established a change over time or any direct linkage between such change and the C/S Fund. Nevertheless, in spite of these limitations, the data gives a solid snapshot of contractors' current situation (i.e. with regards to assets, revenue and employment) and provided a good baseline for future research.

A few answers were invalid. Their numbers have been reported where relevant.

Findings and Analysis

Basic and background information

Class of contractor and other business experience

The 78 survey participants were asked to specify which contractor class they belonged to on the contractor list, how many years they had been a construction contractor for, what type of other occupations they had as well as when they were first on a C/S Fund contractor list.

Contractor class	%
General construction	79%
Earthworks	68%
Local contractor	29%
Well driller	14%
Non-respondents	1%

Table 1: Contractor class contractors belonged to

Number of years	%
11-20	22%
5-10	41%
0-4	25%
Non-respondents	13%

Table 2: Years of experience as contractors

Previous occupations	%
Other type of business	53%
Work in private sector	38%
Work for government	14%
Unemployed	6%
Army or police	1%
Student	1%

Table 3: Previous occupations contractors held

As can be seen in tables 1-3, 79% of the contractors belonged to the "general construction" class. 68% did earthworks. 29% were local contractors and 14% were well drillers. The majority, 41% had been contractors for 5-10 years. 25% were relatively new and had 0-4 years of experience, while 22% had been in the business for 11 or more years.

53% of the contractors had previous experience with "other type of business" and 38% worked in the private sector. It is not possible to know what the difference was between the two categories; if combined and corrected for duplications, 82% of the participants would fall into such a category. 14% used to work for the government and 6% were unemployed.

59% of the participants still did the type of work they performed before becoming a construction contractor, 30% did not.

Year	%
2002	18%
2003	33%
2004	17%
2005	6%
2006	1%
Invalid responses	19%

Table 4: Year contractors were first on C/SF contractor list

The majority of respondents, 68%, first joined a contractor list 2-4 years prior to the survey. Only a small number joined more recently. 19% gave invalid responses, citing years before the C/S Fund contractor lists existed. It is possible that these participants were referring to contracts they implemented for the pre-commune council Commune Development Committees (CDC).

Type of business	%
Transporter	29%
Seller	22%
Other	19%
Buy, sell, rent land/houses	13%
Agriculture	13%
Manufacturer	13%
Hotel or restaurant	3%
Water or electricity supply	3%
Import/Export	1%
Money lender	1%
Non-respondents	28%

Table 5: Other type of current business contractors conducted

Almost one third of the contractors, 29%, were also transporters. 22% are sellers. 19% did "other private sector business". 13% bought, sold or rented property. 13% did agricultural business, while 13% were manufacturers. A very limited number of respondents worked in the hotel/restaurant, import/export and money-lending or water/electricity supply businesses. A large proportion of the respondents, 28%, did not answer the question. The consultant does not know if this means that they did not do any other type of business (which was a response option) or if they simply chose to not respond.

Experience of bidding and contracting

There were eleven questions, some of them comparative in nature, about contractors' experiences of C/SF and other types of bidding and contracting.

Number of C/S Fund lists contractor is on in 2006

No. of Provinces	%
1	68%
2	18%
3	9%
4	3%
5	3%

Table 6: Number of C/S Fund lists contractors were on in 2006

The majority, 68% of contractors, were only on one provincial C/S Fund contractor list in 2006. 18% were on lists in two provinces, while 9% were on three. Only a small proportion of the participants were on more than three lists. Before being on a contractor list 47% had worked on C/S Fund projects as sub-contractors. Of those who were on a list at the time of the survey, 19% were sub-contracted to work on C/S Fund projects by another contractor.

Bidding: C/S Fund compared to other clients

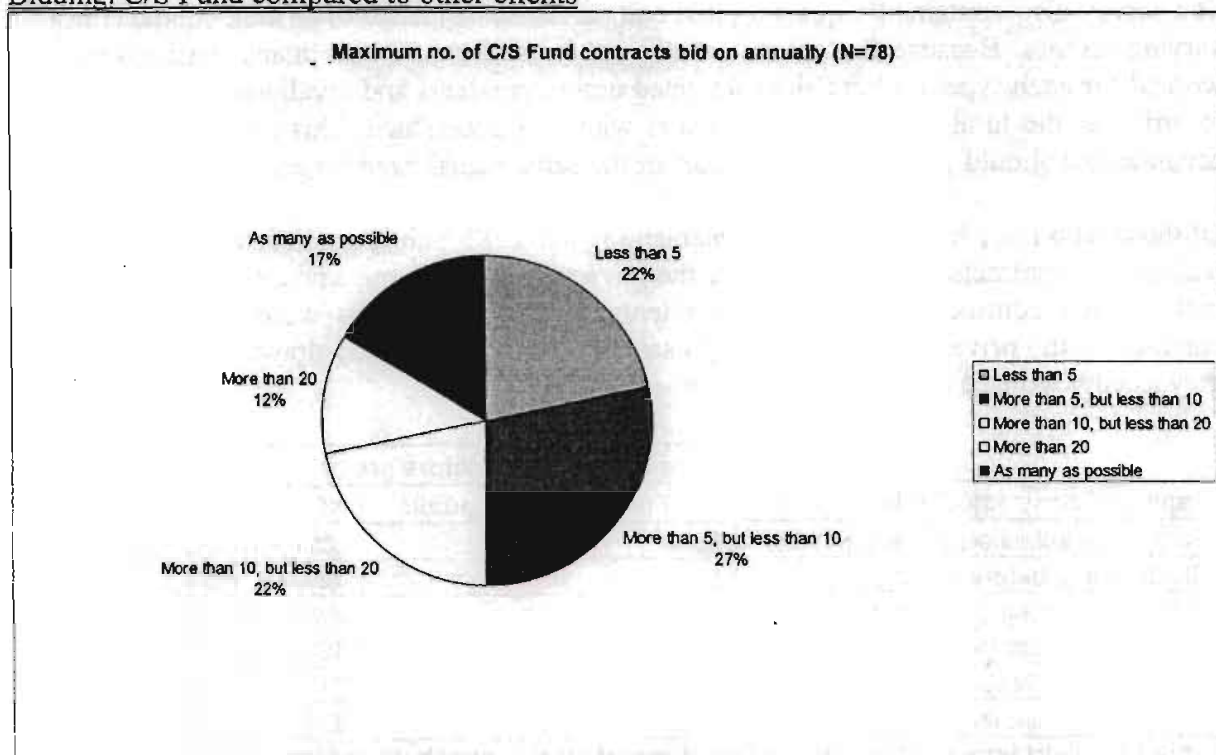


Chart 7: Maximum number of C/S Fund contracts contractors bid on annually

These results on the maximum number of contracts the respondents bid on annually are slightly problematic as the predefined answers are not mutually exclusive (a contractor bidding on 5, 10, or 20 would not necessarily know which box to tick). Furthermore, the consultant does not know how "as many as possible" was defined by the respondents. However, the answers were evenly distributed between the different categories. 49% bid on 1-10 contracts and 34% bid on 10->20 contracts annually.

Other type of formal bidding	No.
Other kinds of public work	63%
NGO	50%
Private sector	50%
Never	16%

Table 8: Experience contractors had of other bidding

The survey contained one question about the contractors' experience of formal bidding other than for C/SF contracts. Only 16% of the participants had never participated in any other type of formal bidding process. Approximately 50-65% had bid for other government, private sector or NGO contracts. More than half of the respondents had bid for two or more different types of contracts.

Type of client	Sign	Don't sign
Public construction other than C/SF (N=59)	98%	2%
NGO (N=58)	98%	2%
Private sector (N=51)	55%	45%

Table 9: Frequency of written contracts for non-C/SF projects

The survey also contained a question that compared the incidence of written contracts in the varying sectors. Because the consultant did not know for sure how many participants had worked for each type of client she subtracted non-respondents and invalid responses from 78 to arrive at the total number of contractors with said experience. This may not be entirely accurate, but should give a reasonable idea of the participants' experience.

Of those who have had experience implementing non-C/SF public construction projects, 98% had written contracts when working for the government. The same amount of people worked with written contracts with NGOs as clients. However, contracts were significantly less common in the private sector. Here, 55% said a contract was usually drawn up and 45% said they usually worked under a verbal agreement.

Aspect of contractual relationship	Type of client contractors prefer			
	C/S Fund	Other public	NGO	Private
Fairness of selection process (N=62)	89%	2%	8%	2%
Clarity of info before bidding (N=64)	83%	2%	12%	3%
Clarity of contract conditions (N=60)	56%	3%	20%	2%
Adherence to contract (N=54)	70%	4%	19%	7%
No corruption (N=61)	56%	0%	21%	23%
Ease of payment (N=62)	44%	6%	27%	23%

Table 10: Client type contractors preferred based on six aspects of contractual relationship

Respondents were asked to compare six aspects of a contractual relationship and say which type of client/sector they preferred. Again, the consultant adjusted the total number of participants for each aspect. Almost all contractors, 89%, said that the C/S Fund selection process was the fairest. Only 8% favored NGOs. Likewise, most of the respondents, 83%, thought they would have the clearest pre-contract information when bidding for C/S Fund contracts. 56% thought C/S Fund contracts were the clearest, while 20% preferred NGO contracts.

Once construction is underway, 70% of respondents thought a C/S Fund client would be most likely to adhere to the terms of a contract. 19% thought an NGO would be a better client.

When it comes to corruption, the trust in the C/S Fund process dropped slightly, even though 56% of the participants still thought it was less corrupt than those of NGOs (21%), the private sector (23%), or other government-funded projects (0%).

Lastly, only a slight majority, 44%, of the contractors said it would be easiest to get paid for a C/S Fund contract than another type of public contract (6%), or that of an NGO (27%) or the private sector (23%).

It is clear that the Commune/Sangkat Fund procedures are the clearest, fairest and most transparent ones, while mechanisms in use for projects funded by other government means were perceived as the most corrupt. The NGO sector also did not score very well, although significantly better than the non-C/SF public and private sectors.

Assets and investments

Private and company assets

Respondents were asked to estimate how much their private and company assets were worth.

House for living		Construction Equipment	
No house	0%	No construction equipment	0%
\$1-5,000	4%	\$1-5,000	13%
\$5,001-10,000	8%	\$5,001-10,000	18%
\$10,001-25,000	23%	\$10,001-25,000	13%
\$25,001-50,000	18%	\$25,001-50,000	17%
\$50,001-100,000	19%	\$50,001-100,000	13%
>\$100,000	18%	>\$100,000	10%
Invalid response	0%	Invalid response	0%
No response	8%	No response	17%
House for business		Cars and trucks	
No house	1%	No cars and trucks	1%
\$1-5,000	8%	\$1-5,000	17%
\$5,001-10,000	3%	\$5,001-10,000	6%
\$10,001-25,000	6%	\$10,001-25,000	21%
\$25,001-50,000	8%	\$25,001-50,000	19%
\$50,001-100,000	3%	\$50,001-100,000	10%
>\$100,000	8%	>\$100,000	14%
Invalid response	0%	Invalid response	0%
No response	64%	No response	12%

Table 11a: Value of private and company assets: houses, equipment and vehicles

As can be seen in the tables, there were several non-respondents for some of the asset types. It is likely that most respondents who left a box blank meant "no such asset", but some may simply have chosen to not divulge the information.

At least 90% of the contractors owned a house for living. 41% owned a house that is worth from US\$10,001-50,000. 37% lived in houses that were valued at US\$50,001 or more. 64% did not say whether they had a house for their business, it is possible that they did not. Nevertheless, 36% stated that they did have such a house. The value of those houses varied evenly from US\$1->100,000.

87% of respondents reported having cars and/or trucks. 24% had cars and/or trucks worth US\$50,001 or more. 23% of the vehicles were valued from US\$1-10,000. 21% were in the US\$10,001-25,000 range, while 19% were worth US\$25,001-50,000.

84% of the participants owned construction equipment, the values of which varied evenly from US\$1->100,000.

Farm land		Gold and jewelry	
No land	1%	No gold and jewelry	0%
\$1-5,000	8%	\$1-5,000	22%
\$5,001-10,000	4%	\$5,001-10,000	6%
\$10,001-25,000	6%	\$10,001-25,000	13%
\$25,001-50,000	0%	\$25,001-50,000	5%
\$50,001-100,000	1%	\$50,001-100,000	0%
>\$100,000	4%	>\$100,000	0%
Invalid response	1%	Invalid response	0%
No response	74%	No response	54%
Other kind of land		Other kinds	
No land	0%		
\$1-5,000	5%	\$1-5,000	9%
\$5,001-10,000	9%	\$5,001-10,000	10%
\$10,001-25,000	8%	\$10,001-25,000	9%
\$25,001-50,000	9%	\$25,001-50,000	1%
\$50,001-100,000	14%	\$50,001-100,000	4%
>\$100,000	10%	>\$100,000	4%
Invalid response	0%	Invalid response	0%
No response	45%	No response	63%

Table 11b: Value of private and company assets: land, valuables and other

Only 23% of the contractors reported having farmland. 18% owned farm land worth US\$25,000 or less, while a very small proportion, 4% owned areas worth over US\$100,000. More participants, 55%, reported having "other kinds of land". 33% had land that was valued between US\$25,001->100,000. 17% had land that was worth US\$5,001-25,000, while 5% had land that was worth US\$5,000 or under.

46% declared assets in the form of gold and/or jewelry, almost half of them, 22%, valued these valuables in the US\$1-5,000 range. 13% had such goods worth between US\$10,001-25,000.

63% did not declare any other types of assets, 37% did. 28% claimed their value to be between US\$1-25,000, while 9% said they were worth US\$25,001 or more.

Bank accounts and what contractors did with money not spent immediately

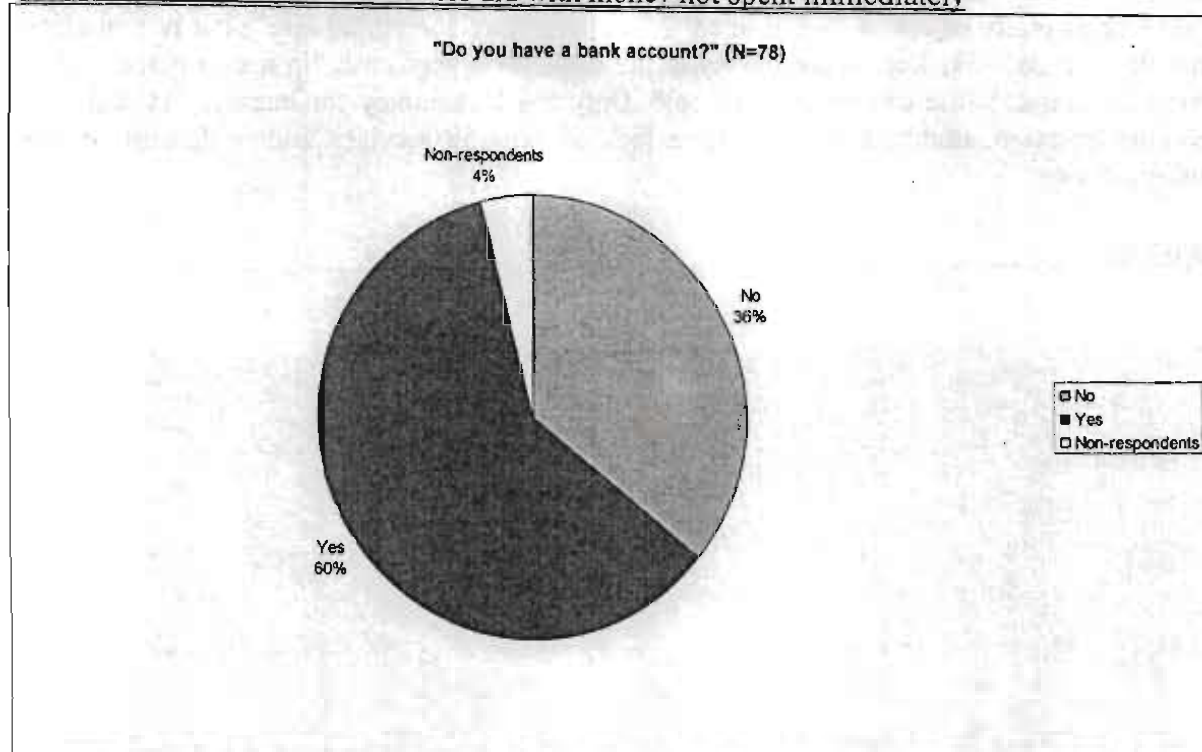


Chart 12: Proportion of contractors with bank accounts

A majority, 60%, of the contractors said they had bank accounts. 36% said they did not. 4% chose not to respond to the question. It is likely that these numbers reflect both a lack of banking services as well as distrust in the Cambodian banking system.

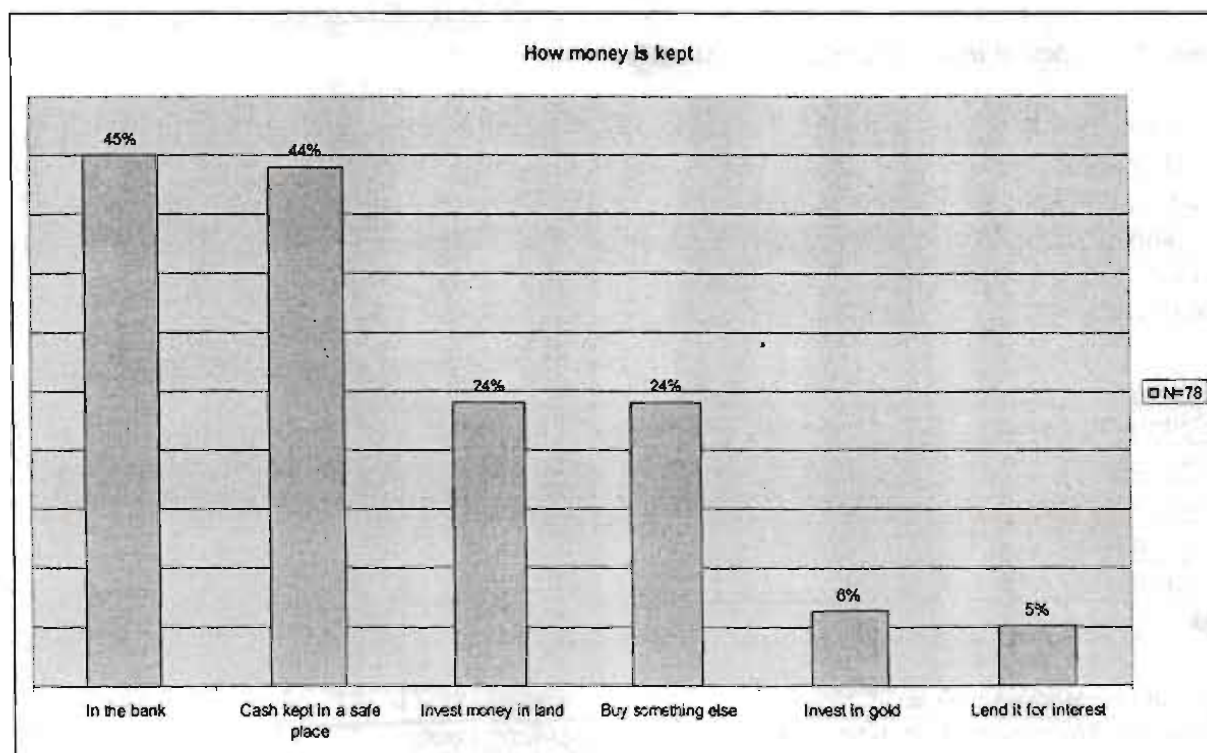


Chart 13: How contractors kept money

Participants were asked what they did with money they did not spend immediately. They could tick as many boxes as they wanted. 24% chose “buy something else”, but it is unclear what this means. 45% kept spare money in the bank. 44% kept cash “in a safe place”. 24% invested in land, while 6% invested in gold. Only 5% lent money for interest. As with the previous question, numbers may reflect a lack of banking services and/or distrust of the banking sector.

Insurance

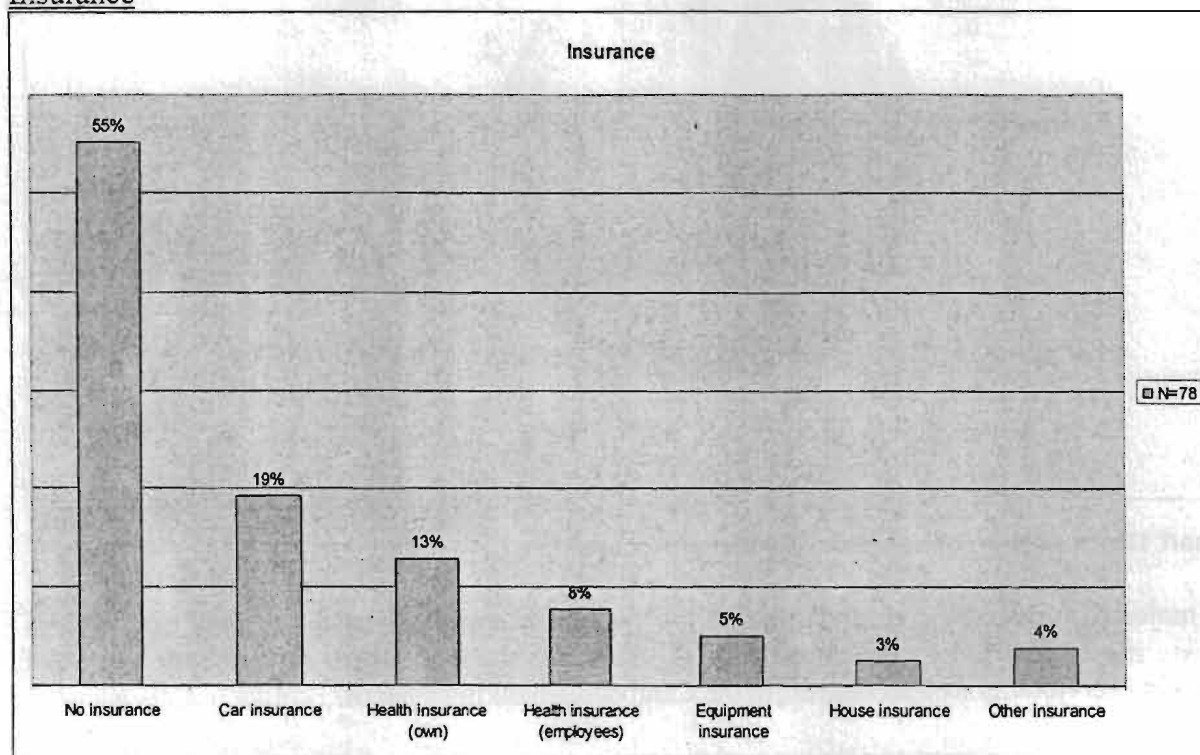


Chart 14: Types of insurance held by contractors

55% did not have any form of insurance. 19% had car insurance, while 13% had health insurance for themselves and only 8% had health insurance for their employees. 5% insured their equipment and 3% insured their houses. 3% had other types of insurance. Only 12% of participants had two or more types of insurance. The widespread lack of insurance could reflect a number of things. For instance, there may be a lack of insurance services or contractors may have thought the risk of needing insurance was very low.

How contractors raised money for operational and investment costs

Source of money	Priority 1	Priority 2	Priority 3
Own money	76%	4%	0%
Family money	6%	42%	9%
Sell property	0%	5%	8%
Bank loan	5%	10%	14%
Moneylender loan	0%	4%	13%
Credit with suppliers	0%	14%	21%
Invalid/non-respondents	13%	21%	36%

Table 15: Sources of money for operational and investment costs

76% of the participants preferred to use their own money for investments and operating costs. Only 5% would choose a bank loan first. 42% would borrow money from their family as a

second choice, while 14% would prefer to get credit with their suppliers and 10% would apply for a loan at the bank.

Revenue and employment

Total revenue from construction contracting in 2001, 2003 and 2005

Respondents were asked to state what the total revenue of their construction businesses was in 2001, 2003 and 2005. Only a few participants chose to not answer (5) or gave invalid responses (3), but quite a few only stated their income for only one or two of the years (27). 43 of the respondents, 55%, answered for all three years.

Total revenue	2001 (n=44)	2003 (n=55)	2005 (n=70)
>\$10,000,000	2%	-	-
>\$1,000,000 - <\$10,000,000	-	2%	-
>\$100,000 - <\$1,000,000	16%	18%	17%
>\$10,000 - <\$100,000	27%	47%	50%
<\$10,000	55%	33%	33%

Table 16: Total revenue from construction contracting in 2001, 2003 and 2005

Among those declaring revenue for 2005, 50% were in the US\$10,000 to US\$100,000 bracket. 33% had total revenues under US\$10,000 and 17% of the respondents had revenues ranging from US\$100,001 to US\$1,000,000.

The way the revenue brackets were defined made it difficult to say if the total revenue generated among all the participating contractors had increased or not, although it is possible that it had. Below the consultant looked at the 43 respondents who stated their revenues for all three years and compared their 2001 and 2005 incomes.

Movement between revenue brackets	%
Unchanged <\$10,000	37%
Unchanged >\$10,000 - <\$100,000	19%
Unchanged >\$100,000 - <\$1,000,000	14%
Increased from <\$10,000 - >\$10,000	16%
Increased from >\$10,000 - >\$100,000	7%
Decreased from >\$10,000,000 - >\$100,000	2%
Decreased from >\$100,000 - >\$10,000	2%
Decreased from >\$10,000 - <\$10,000	2%
Total (N=43)	99%

Table 17a: Movement between revenue brackets 2001-2005

Almost 25% of these 43 participants had increased their construction related income from 2001 to 2005, while 6% experienced a decrease in revenue. The majority, 70% were still in the same revenue bracket. However, given how the brackets were defined it is possible that some of the participants in this group actually had experienced change. For instance, it was possible to have gone from earning US\$100,001 to US\$999,999 (or vice versa) and still be in the same bracket.

Movement between revenue brackets	%
Unchanged <\$10,000	27%
Unchanged >\$10,000 - <\$100,000	38%
Unchanged >\$100,000 - <\$1,000,000	15%
Increased from <\$10,000 - >\$10,000	3%
Increased from >\$10,000 - >\$100,000	5%
Increased from <\$10,000 - >\$100,000	2%
Decreased from >\$1,000,000 - >\$100,000	2%
Decreased from >\$100,000 - >\$10,000	2%
Decreased from >\$10,000 - <\$10,000	5%
Total (N=55)	99%

Table 17b: Movement between revenue brackets 2003-2005

When looking at revenue changes from 2003 to 2005, where the consultant had data for 55 respondents, a smaller proportion of contractors had increased their revenue than from 2001-2005: only 10%. (In numbers it went from 10 to 6.) A higher proportion had unchanged revenues: 80% (44) versus 70% (30) and more contractors had decreased their revenues: 9% (5) versus 6% (3). Again, because of the varying number of reporting respondents these numbers should be compared with caution.

Proportion of total revenue from construction contracting

Proportion from construction contracting	%
1-10%	13%
11-25%	10%
26-50%	14%
51-75%	13%
76-100%	22%
Non-respondents	23%
Invalid responses	6%

Table 18: Proportion of total revenue from construction contracting

Almost a quarter of the respondents chose not to answer this question. 35% derived over half (51-100%) of their income from construction contracting. 13% of participants get only 1-10% of their total revenue from construction, while it brought in 11-25% of the income for 10% of the contractors. For those reporting, this meant that at least three out of four had higher revenues than those declared above.

Proportion of construction revenue per client type: 2001, 2003 and 2005

Participants were asked to estimate what proportion of their construction contracting business revenue came from C/S Fund, other state or NGO and private sector contracts, respectively. Because there were a large number of invalid responses the consultant has chosen to report the total number of respondents rather than the percentage.

C/S Fund proportion of total income	2001	2003	2005
0% - 20%	4	3	3
21% - 40%	3	7	9
41% - 60%	3	9	12
61% - 80%	2	5	4
81% - 100%	3	5	12

Table 19a: C/S Fund proportion of construction revenue: 2001, 2003 and 2005.

The above table appears to illustrate that a larger number of the contractors were deriving revenue from C/S Fund contracts in 2005 than in 2001. The C/S Fund proportion of their total revenues had also increased, with 28 contractors deriving 40% or more of their income from this source in 2005, compared to 8 in 2001.

Proportion of construction revenue from C/S Fund			
	<\$10,000	>\$10,000- <\$100,000	>\$100,000- <\$1,000,000
0-20%	2	2	0
21-40%	0	7	2
41-60%	3	5	3
61-80%	0	3	1
81-100%	7	5	0

Table 19b: C/S Fund proportion of construction revenue in 2005, per income bracket

Forty contractors provided information both about their construction revenue in 2005 and the C/S Fund proportion of that revenue in the same year. The majority of them are in the wide >US\$10,000-<US\$100,000 bracket. The size of the C/S Fund proportion of their revenue varied evenly from 0-100%. Among those making smaller incomes under US\$10,000, most contractors derived all of their revenue from C/S Fund contracts. Lastly, of the participants who had higher revenues of between US\$100,000 and US\$1,000,000, the C/S Fund proportion of their income was between 20-60% for all.

Other state or NGO proportion of total income	2001	2003	2005
0% - 20%	4	6	5
21% - 40%	4	10	9
41% - 60%	6	6	4
61% - 80%	0	0	2
81% - 100%	0	0	0

Table 20: Other state or NGO proportion of construction revenue in 2001, 2003 and 2005

Table 20 shows that the number of contractors deriving income from other state or NGO contracts had increased since 2001, but was smaller in 2005 than in 2003. The proportions had only changed slightly.

Private Contracts	Sector	2001	2003	2005
0% - 20%		2	7	8
21% - 40%		3	6	8
41% - 60%		7	5	10
61% - 80%		2	3	1
81% - 100%		5	1	0

Table 21: Private sector proportion of construction revenue in 2001, 2003 and 2005

More people reported having had an income from private sector contracts in 2005 than in both 2003 and in 2001. A smaller number of people were earning over 60% of their total revenue from private sector contracts in 2005 than in both 2003 and 2001. One possible explanation is that there were more state (both C/S F and non-C/S F) and NGO contracts to bid for.

Taxation

No.	Real regime 10%	Estimated regime 3%
1	21%	55%
2	1%	9%
3	0%	6%
4	0%	5%
5	0%	0%
6	0%	1%

Table 22: Number of patent licenses held by contractors

Is it taxation? Not so familiar with this. Please help me fill in additional analysis if needed! 77% had one or more 3% estimates regime patent license. 22% had a real regime 10% patent license. 9% of respondents had both kinds.

Year	Real regime 10%	Estimated regime 3%
2001	21%	55%
2003	1%	9%
2005	0%	6%
2007	0%	5%
2009	0%	0%
2011	0%	1%

Hiring accountants

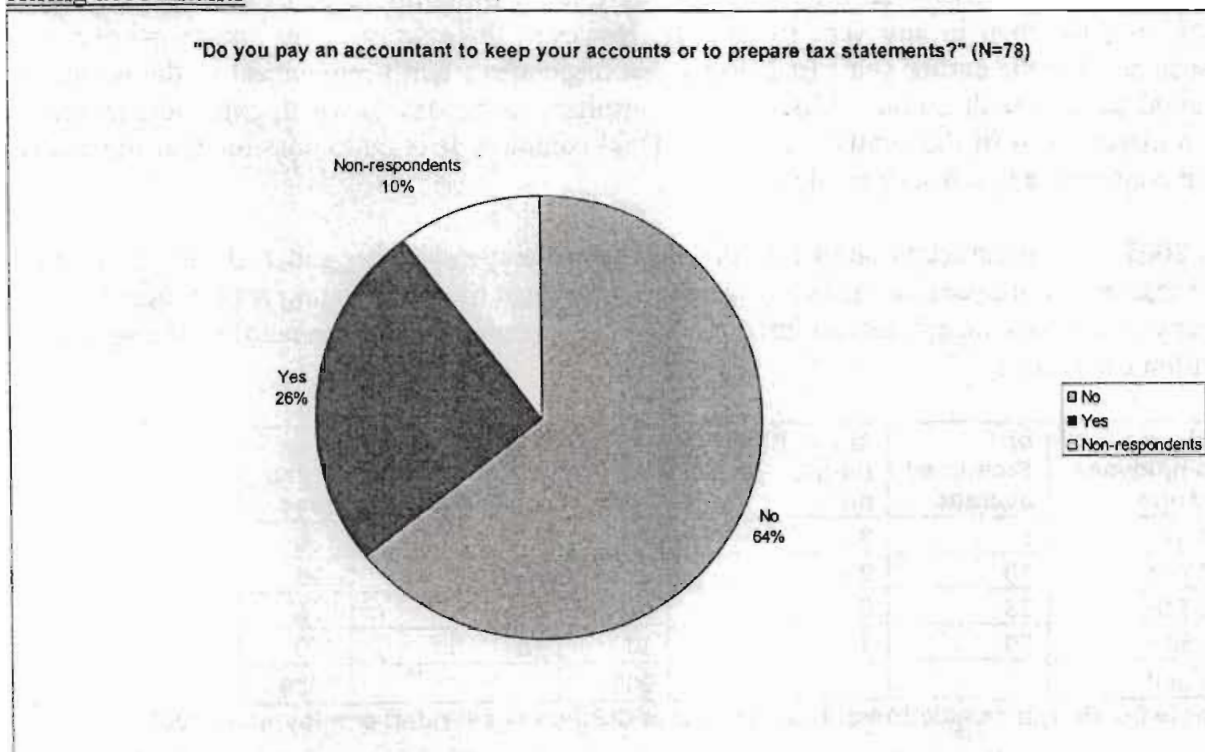


Chart 23: Proportion of contractors who hired accountants

Only 26% of contractors hired accountants. The majority, 63%, did not. 10% declined to answer.

Number of staff, permanent and seasonal

Permanent staff	2001	2002	2003	2004	2005	2006
0 staff	1	1	1	1	1	1
1-10 staff	26	27	33	39	39	36
11-25 staff	12	13	19	18	21	25
26-50 staff	3	2	3	7	7	6
>50 staff	2	3	1	1	1	1
Invalid responses	1	1	1	1	1	1
Non respondents	33	31	20	11	8	8
Total	78	78	78	78	78	78

Table 24: Number of permanent staff employed by contractors from 2001-2006

Seasonal staff	2001	2002	2003	2004	2005	2006
0 staff	0	1	1	1	1	1
1-10 staff	20	20	23	27	26	26
11-25 staff	14	16	15	17	22	22
26-50 staff	5	5	10	12	9	6
>50 staff	1	2	4	5	10	13
Invalid responses	0	1	1	1	1	1
Non respondents	38	33	24	15	9	9
Total	78	78	78	78	78	78

Table 25: Number of seasonal staff employed by contractors from 2001-2006

The tables above show that the contractors were likely hiring more permanent and seasonal staff in 2006 than in any year since 2001. However, there were many non-respondents – especially for the earlier years (it is likely that respondents don't remember) so the numbers should be used with caution. Although the consultant cannot say to which extent the increase is a direct result of the availability of C/S Fund contracts, it is quite possible that the funds had contributed to a rise in employment.

In 2005, most contractors hired 1-10 or 11-25 permanent employees and 1-10, 11-25 or over 50 seasonal employees. In the below table, the consultant tried calculating approximately how many employees the contractors hired in 2006 by presuming an average number of employees within each range.

a) No. of employees, range	b) Presumed average	c) No. hiring in range, perm. staff	d) Total, perm.	e) No. hiring in range, seas. staff	f) Total, seas.
1-10	5	36	180	26	130
11-25	18	25	450	22	396
26-50	38	6	228	6	228
>50	50	1	50	13	650
Total			908		1404

Table 26: Rough calculation of total number of C/S Fund-generated employment, 2006

Column a) shows the number of employees each contractor hired, per range. Because the consultant does not know exactly how many within the range each contractor has employed, column b) shows the presumed average for each range. Column c) shows the number of contractors within that range that hired permanent staff. Column d) shows the approximate total of permanent employees. Column e) shows the number of contractors within that range that hired seasonal staff, and column f) shows the approximate total of seasonal employees.

The table suggests that the C/S Fund may have contributed to generating around 900 permanent jobs and around 1,400 seasonal jobs in 2006 among the contractors participating in the study.

Conclusions

Rather than having a vast amount of data about impact on local economic development, the survey primarily gathered information on the participants' current status. This data could be used as a baseline for future research into economic change.

The average contractor participating in the survey belonged to two contractor classes: general construction and earthworks, and had been in the business for 5-10 years. The majority of them would have had some type of other business or private sector experience before becoming a construction contractor. One in eight worked for the government. Over half of the participants continued to do this type of business, while one third did not.

The average contractor had also been on a C/SF contractor list since 2003 and around half had functioned as sub-contractors on C/SF projects before being on such a list. One in five continued to work as sub-contractors. This year, the majority was on a list in only one or two provinces. Besides being construction contractors, the respondents were transporters, sellers, manufacturers, agriculturalists and/or bought, sold and rented property.

Almost half of the participants bid on 1-10 contracts annually, one in three bid for at least 10 contracts. Most of the contractors had experience participating in formal bidding processes other than for C/SF projects; only one in six had never bid for another government, NGO or private sector contract. This allowed the consultant to compare which bidding and contracting procedures the respondents preferred. Both other government and NGO work was done under a written contract nearly all of the time, whereas private sector work was performed only with a verbal agreement in nearly half of all cases. It is a positive sign that contractors usually had the security of a written contract, although there is room for improvement within the private sector.

When asked to compare the sectors by different aspects of the contractual relationship, C/S Fund projects scored very well. They were clearly implemented under the most fair and clear contracts, with the least amount of corruption and highest ease of payment. NGOs scored the second best, but not nearly as well as the C/S Fund contracts. Nevertheless, there is still room to make progress.

- It would be beneficial to research corruption and C/S Fund payment processes in order to further enhance opportunities for local development, both among contractors and among intended C/S Fund beneficiaries.

While the Cambodian justice system needs to be improved before contractors can operate on equal terms in a completely fair, uncorrupt and secure business environment, it is a very significant achievement that C/S Fund procedures scored so well in all categories. Even if some procedures could be made even better, the data shows that a majority of the contractors perceive themselves as having benefited from their experience with C/S Fund contracts.

The questions related to assets suggest that most contractors were fairly well-off. Almost all contractors owned their house of residence and the value of most houses was evenly spread between US\$10,001 and >US\$100,000. Only one in three owned a house for their business/office, however. Nearly all participants owned cars, trucks and/or construction equipment, the value of which varied quite evenly between US\$1 and >US\$100,000.

Only one in four owned farm land (presumably meaning land they farmed on their own). Most of that land was worth under US\$25,000, but a small proportion of it was valued at over

US\$100,000. More than half of the participants owned "other land", the majority of which was worth between US\$25,001 and US\$100,000.

While more than half of the contractors had bank accounts, not all used them – just as many preferred to keep their money "in a safe place", presumably in their homes or offices, either in safes or in much less secure places. It is likely that this reflects both a lack of banking services as well as a general distrust of the banking community in Cambodia.

Similarly, a lack of trust in insurance companies may be behind the fact that more than half of the participants did not have any kind of insurance. Those who did have it are more likely to have cover for their car than their own or their employees' health. Besides from this being a result of limited insurance options, it may be because participants either did not put a high value on good health, or perhaps they knew that they wouldn't have access to high-quality care even if an insurance company would cover their costs.

Few available banking services and/or contractors' lack of trust for them were also reflected in the numbers pertaining to where the participants preferred to source money for investments and operational costs. The overwhelming majority preferred to use their own or their family's money. Bank loans and supplier credit were much less common.

- More in-depth research about access to loans and/or contractors unwillingness to borrow money other than their families' would provide valuable information on untapped potential for local economic development.

In 2005, half of the participants were making between US\$10,001-US\$100,000 in construction revenues. One third was making under US\$10,000 and almost one fifth was making over US\$100,000. While the consultant was able to track some changes in income between the years 2001 and 2005, several increases and decreases in revenue have likely gone unnoticed due to the wide US\$10,001-US\$100,000 bracket used in the survey. For instance, a contractor could have gone from a revenue of US\$20,000 to US\$80,000 and still be in the same bracket. Furthermore, many respondents did not provide data for 2001 and 2003, perhaps because they could not remember their total revenue for those years. Nevertheless, the consultant was able to track some change among a little more than half of the participants. Since 2001, at least 10 contractors had increased their revenues and at least 3 decreased.

- Further research into changes in revenue would provide more solid evidence of the impact the C/S Fund may have had on local economic development through contractors.

Among those providing data, a little over half of the contractors made 21-60% and slightly fewer made 61-100% of their construction related revenues in 2005 from C/SF contracts. Most appear to have derived approximately the same proportions of their income from the C/SF, other government and NGO contracts and the private sector. If these percentages were representative, it would mean that most contractors depended on the C/S Fund for significant portions of their income.

Most participants did not hire accountants to keep their books or to prepare their tax statements. Only one in four did. Three fourths of contractors had one to three estimated regime 3% licenses, while one fifth had one real regime 10% patent license. One tenth had both types of licenses.

Lastly, the data suggested that over 2,000 permanent (900) and seasonal staff (1,400) were hired by the contractors in 2006. While the C/S Fund no doubt contributed to these jobs and a likely general increase in employment, the consultant cannot say to which extent.

- Further research is necessary in order to conclude more precisely how much employment was generated by the Commune/Sangkat Fund.