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Accountability and Planning in Decentralised Cambodia

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Contents

Abstract

This paper is about sub-national accountability and planning, where accountability is the central focus and planning is considered an instrument for achieving accountability. The paper aims to understand major issues that affect sub-national planning's ability to advance accountability and then to draw key lessons for the decentralisation and deconcentration (D&D) reform, whose main objective is to promote sub-national accountability so as to achieve and sustain democratic development. The findings suggest that the ability of sub-national planning to promote accountability has been continuously improved by the introduction and implementation of reform initiatives, most notably the former SEILA programme. Yet, planning's ability to advance accountability faces a number of constraints. They include: (i) a high degree of centralisation in governance, reinforced by factors including centralised control of major resources; (ii) overriding strengths of neo-patrimonial networks, (iii) lack of consistent progress of major related reforms and (iv) complexity in and fragmentation of external aid delivery.

Looking ahead, if the D&D reform is to achieve sub-national accountability for democratic development, the reform must find and make use of opportunities to overcome the above-mentioned constraints. The opportunities may include emerging reform champions and leadership, local electoral politics introduced by D&D reform and demographic change and the changed expectations of an emerging middle class and private sector. To leverage these opportunities, this paper recommends that the reform design and implementation pay attention to the following:

- personal and systemic incentives, resources, rewards within the governance arrangement;
- personalised norms and political leadership and strategies of key individuals in the reformed sectors that enable them to obtain better accountability outcomes;
- the nature of central-local government relations;
- core structural elements like planning, public finance and human resources;
- promotion of local political dialogue based on policy and research-based evidence;
- the nature of the demand of the emerging middle class and private sector; and
- the likely effects of various donor modalities in relation to the above.

Acknowledgements

List of Abbreviations

ADB	Asian Development Bank
AOPs	Annual Operational Plans
CARERE	Cambodia Area Rehabilitation and Regeneration Project
CDC	Council for the Development of Cambodia
CDP	Commune Development Plan
CDPD	Commune Development Planning Database
CDRI	Cambodia Development Resource Institute
CIP	Commune Investment Programme
CPP	Cambodian People's Party
CSF	Commune/Sangkat Fund
D&D	Decentralisation and Deconcentration
DIF	District investment fund
DFID	Department for International Development (UK)
DFT	District Facilitator Team
DIW	District integration workshop
DPAM	District priority action matrix
ExCom	Executive Committee
FAO	Food and Agriculture Organisation of the United Nations
HSSP	Health Sector Support Project
LPP	Local planning process
MDGs	Millennium Development Goals
MEF	Ministry of Economy and Finance
MoH	Ministry of Health
MoP	Ministry of Planning
NCDD	National Committee for the Management of Decentralisation and Deconcentration
NGO	Non-government organisation
NPM	New public management
NSDP	National Strategic Development Plan
O&M	Operations and maintenance
OD	Operational district
OECD	Organisation for Economic Cooperation and Development
PAP	Priority Action Programme

PAR	Public administrative reform
PAWG	Provincial/Municipal Commune/Sangkat Fund Accountability Working Group
PBC	Planning and Budgeting Committee
PDAFF	Provincial Department of Agriculture, Forestry, and Fisheries
PDIP	Provincial Development Investment Programme
PDP	Provincial Development Plan
PFM	Public Financial Management
PFT	Provincial Facilitator Team
PHD	Provincial Health Department
PIF	Provincial Investment Fund
PIU	Project Implementation Unit
PIP	Public Investment Programme
PLG	Partnership for Local Governance
PRDC	Provincial Rural Development Committee
PRSP	Poverty Reduction Strategy Paper
SEDP	Socio-Economic Development Plan
TA	Temporary Agreement
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund

Chapter 1

Introduction

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Introduction

1.1. BACKGROUND: ACCOUNTABILITY IN CAMBODIA'S DECENTRALISATION AND DECONCENTRATION REFORM

This paper is about sub-national accountability and planning. It treats planning as an instrument for achieving accountability, without which sub-national pro-poor outcomes cannot be sustained.[1]

The objective of the paper is to understand how and why current sub-national planning is able or unable to produce sub-national accountability. The ultimate goal is to feed such understanding into the decentralisation and deconcentration (D&D) reform so that decentralised planning systems can be developed and refined to achieve greater accountability, which we consider important if the reform is to attain and sustain democratic development.

In this introductory chapter, our initial focus is on defining accountability, internationally, in Cambodia and in relation to planning at different, particularly sub-national, levels of Cambodian government. After that, we overview the paper's wider structure and argument and discuss the case stories the paper developed and the research methods used to generate the empirical material.

Defining Accountability

Internationally the term "accountability" has received various definitions. Formally, accountability is a process by which one person holds another responsible for what the latter has done; it involves answerability (giving an account of one's performance) and enforcement (giving rewards or imposing sanctions according to performance) (Schedler 1999). The World Bank (2004a), however, expands on this basic definition to include other things vital for real accountability (see box).

Accountability in International Definition: Five Components

- delegation (clear assignments of duties to each person and agency),
- finance (adequate funding at all levels to do the job),
- performance (public servants, ministries and other service providers actually doing their job),
- information about performance (monitoring or measuring of the effectiveness of this performance)
- enforceability (meaning that what is supposed to be done is done, and that there are consequences if it is not)

Source: World Bank 2004a, p. 47

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[1] Accountability of whom to whom depends on the type of planning. For example, in commune local planning, accountability is primarily accountability of the commune to its citizens. Detailed discussion of different types of planning and accountability is in the chapters that follow.

The meaning of the concept becomes more complicated when it is used with different adjectives, such as political and electoral accountability (the accountability of elected officials to their voters—Schedler, Diamond and Plattner 1999), social accountability (to groups, networks, families, communities—Burke and Nil 2004) and primary accountability (Rohdewohld and Porter 2006). Reviewing this complexity, Mulgan (2000: 555) comments that the "scope and meaning of accountability have been extended in a number of directions well beyond" this core sense. He further describes accountability as "a complex and chameleon-like term". This impression of accountability as a vast and fuzzy concept is also acknowledged by Keohane (2002), who likens it to the proverbial blind men trying to describe an elephant.

Accountability: why does it matter in Cambodia?

What is it about accountability that makes it so centrally desirable for contemporary notions of governance and development? And how could it help to bring about better pro-poor outcomes in Cambodia? The desirability of accountability in an institution is best understood by examining the consequences of the lack of it. Without accountability, the effectiveness of service delivery is bound to be greatly reduced. For example, without delegation, no one knows clearly what they are supposed to do, and thus responsibility can be shirked. Similarly, without enforceability, the resources may be wasted because the implementers or resource usersienow there will not be real sanctions against improper or inefficient use. Likewise, the lack of enforceability can also induce inertia among public servants because they know they will not be fairly rewarded for their hard work (World Bank 2004a). Robust accountability is thus crucial for improved service provision outcomes, because when it is embedded in formal institutions, it will ensure that there are clear delegation of tasks and adequate allocation of resources for the tasks, that the staff in charge of performing the tasks are competent, that the information about the quality of the performance is made available and that proper rewards or sanctions will be applied after completion of the tasks.

However, we need to move beyond an individual or personalised understanding of accountability, to see how it works in and is affected by the whole system. In a broad institutional setting, actors involved in delegation, financing, performing, informing and enforcing are embedded in much more complex relationships and institutions (both formal and informal/political) that prohibit them from fulfilling all five components (World Bank 2004a). As a result, service provision is compromised. For example, due to the informal politicised structure of the education system, the performance of teachers is judged on their support to the political parties, not students' achievements (*ibid.*). To make accountability assist satisfactory service provision, we need to understand the actors, their varied interests and the institutions within which they are embedded and then design informed techniques to allow them to find their own ways to attain greater accountability with a reasonable degree of external support. Key to making accountability work is being able to distinguish the factors that make or do not make it work. Are these factors accidental or are they derived from particular social, political and/or economic causes?

How is accountability currently understood in Cambodia?

Among Cambodian public servants, as our and other research has discovered, current definitions of accountability are highly varied; some would even argue that there is no equivalent word in Khmer. "Accountability" is mainly equated to "accounting" practices because the two words translate very similarly into Khmer. In addition, many Cambodian civil servants tend to link the word with traditional Khmer values of governance, such as responsibility, honesty, helpfulness or serving people (see Pak *et al.*, 2007 for details).

Following the definitions offered in international literature, it seems that the current Cambodian governance system does not possess appropriate mechanisms to ensure sub-national accountability. For example, provincial departments do not receive adequate funds to implement their development plans, and provincial civil servants are employed without formal job requirements and receive low pay, all of which result in less effective service delivery. More broadly, the authors of this paper have argued at length that fulfilling all five of the above generic elements of accountability in a developing country like Cambodia is very difficult (Pak *et al.* 2007) because the state's capacity is weak and the market (as an institution) faces many distortions (e.g. ordinary citizens cannot enforce "exit" even though the service provider, the state, is not performing). Therefore, the theoretical underpinnings of the five elements cannot be fully met.

Nevertheless, it is misleading to say that sub-national accountability does not exist at all because these five elements cannot be fully achieved. It is more appropriate to say that "formal" accountability, which is defined based on legal-rational bureaucratic principles (such as those elaborated in World Bank 2004a, or more broadly in terms of enforcing checks and balances on one another by the three branches of government), is not complete and strong in the current governance environment.

Meanwhile, however, as we will discuss in following chapters, many "informal" sub-national accountability relationships exist, which are defined and influenced by a combination of political, administrative, social, cultural and patrimonial norms. For example, provincial departments whose directors are better connected to influential central politicians are much more able to obtain fiscal resources to implement their activities, and in such cases the local people benefit. In this situation, the director exhibits his/her accountability to local people by using political connections, without which resources would not have bee otransferred to the province. What is problematic with these ways of seeking service delivery accountability? Clearly, this kind of accountability is achieved via informal processes (political or personal connection) rather than a formally constituted one (such as planning). This makes accountability highly unpredictable and personalised. With this informal accountability, results are often neither pro-poor nor sustained (analysis in chapters 4 and 5).

In sum, many political, economic, personal and social factors influence how people understand accountability; these factors are shown in Figure 1.

Figure 1. Factors Influencing Individual and Organisational Accountability

Influencing Factors to Improve Individual and Organisation Accountability

Organisation Accountability

Many Cross-Cutting Reform (PFM, D&D, PAR)

Party and Electoral Politics

Social and Cultural Norms, History

Resources, Autonomy

Working Conditions

Pay

Functions and Duties

Organisation Cultures

FamilyWellbeing Obligation

Individual Accountability

Political Party Obligations

Evaluation and Monitoring

Clarity of Funtions, Coordination

Kse and Khnong

Career Prospects

Performance Expectation

Political Leadership

Oversight of Legislative and Judiciary

Donors' Modalities

It is, therefore, quite apparent that there is a huge difference between the notion of accountability in the wider international literature and accountability as understood and practised in Cambodia. A definition of accountability therefore becomes necessary that contextualises both international and Cambodden perspectives so as to make sense to both Cambodians and the wider audience and also to explain how to achieve Cambodian accountability.

Defining Accountability for Cambodia

Recognising the many potential factors influencing the accountability of an individual and an organisation, we have attempted to bring in both international and Cambodian understandings. As described more fully in Pak *et al.* (2007), we seek a definition that meets

necessary international standards yet is sufficiently practical and familiar in Cambodia. It is related both to familiar Cambodian expectations of good leadership (being responsible to those above and responsive to those below, building trust and fulfilling obligations, being effective and protecting public interests, taking personal discretion only where appropriate); to realities such as the dependence of accountability on relationships (especially with people higher up) and the need for support from higher levels; and to realities of everyday government in Cambodia, where there are often not enough resources or other incentives to do a job properly. Bringing these elements together, our paper defines accountability in the following terms:

- a personal, administrative and political relationship and value,
- which aims at building trust and protecting public interests, in particular, the interests of the poor, in an effective and highly responsible manner, and
- the achievement of which requires leadership and support from higher levels, appropriate incentives and resources, the right mix of discretion and a sense of obligation and responsiveness to the voice of the poor.

Defining Accountability for Cambodian Sub-National Planning

Planning, too, can be defined in many ways (Friedmann, 1987). It involves "choosing between many desirable activities because not everything can be done at once" (Nyerere, 1969, p. ix). Because resources are scarce and public needs are many, the public organisation must plan to maximise the return from the use of these resources. Done properly, planning allows the use of finite resources to be determined according to the objectives and priorities reached through a good technical and open democratic process.

But this paper is not concerned only with planning as an allocation mechanism. More importantly, it looks at planning as an *instrument* to enhance accountability in order to achieve the best possible pro-poor outcomes. For example, the paper asks, "What roles can planning play to enable provincial departments to work together to achieve horizontal and vertical sub-national accountability, and how can such roles be achieved?" Another question of interest relates to the ability of commune councils to use their local planning to fulfil their primary accountability towards the citizens.

This, precisely, is where planning comes in: it is a tool for promoting accountability between levels of government, between departments at the same level and between citizens and government. Here, the essential challenge of planning is to find ways to promote the dual relationships of accountability—"downward" accountability of higher levels of government to respond to "local" needs, and "upward" accountability of lower levels of government to reflect "national" interests. This is especially relevant for the D&D reform, because it seeks to ensure that good services reach those who need them and that sub-national governments are able to coordinate their activities to respond well to local needs. Good provincial, district and local planning will provide a framework withincihich the implementers of a plan are accountable to both the official organisation and the people themselves for the accomplishment of their objectives.[2]

Overall, planning involves a number of normative values, which are turned into technical practices closely related to policy and budget cycles. These include:

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[2]   Such an organisation could be a department in the ministry, the ministry or the entire government, all of which have their own plans.

- gathering accurate information about existing activities and resources;
- some modelling and forecasting;
- prioritising goals;
- appraising means of getting to those goals, for capability and costs;
- setting (and getting necessary support for) objectives;
- aligning and harmonising actors, activities, budgets and resources towards these goals;
- monitoring implementation of these within planning time frames;
- reviewing and evaluating the implementation of previous cycles;
- repeating this cycle.

These overall planning objectives, shown in Table 1, have long been reflected in Cambodia's planning.

Table 1. Goals and Objectives of NSDP, PIP and Sectoral and Sub-National Plan

National Strategic Development Plan (NSDP)	Synthesise and prioritise aspects of Cambodian Millennium Development Goals & National Poverty Reduction Strategy Align sector strategies and planning cycles to overall long-term vision Guide external development partners to align and harmonise their efforts towards better aid effectiveness Operationalise Rectangular Strategy[3]
Public Investment Programme (PIP)	An integral part of NSDP Contain clear proposals for specific capital and current expenditure on an annual basis Identify, plan, phase and cost estimate specific activities every year for the following three years Proposals or projects not in conformity or compatible with NSDP will not be given priority in PIP
Sectoral and Sub-National Plan	Bear in mind goals and objectives of NSDP Respond to its sectoral strategy and plans Respond to local needs

However, planning in practice is rarely straightforward. Not only do many priorities and people need to be aligned, but the context within which the plan is formulated can also have a powerful impact. In Cambodia, the impact from political factors, as well as from the capacity and resources of government agencies, is especially strong (as discussed further in chapters 3, 4 and 5).

Planning is a political process (Flyvbjerg & Richardson, 2002). Since it concerns decisions about the use of resources, it is obvious that politicians want to make sure that planning benefit their interests, which may not always coincide with the interests of the general population. Planning literature clearly suggests that planners must be skilful at using the power at their disposal to anticipate and ward off political interests that could affect the democratic planning process (Albrechts 2003). Green (1992: 30) also argues: "A successful planning approach must combine strong technical skills with a recognition of the political process".

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[3]   The Rectangular Strategy, which can be visualised as a series of interlocking rectangles, has good governance at its core. The other rectangles focus on the desired environment to implement the strategy, and on promoting economic growth through agricultural development, rehabilitation and construction of physical infrastructure, private sector development and capacity building and human resource development (RGC Rectangular Strategy 2004).

Politics are important to planning, but so are many other factors, including:

- the integrity of the bureaucratic apparatus, especially functional assignment and public finance;
- the ability of the system to generate information about what is really going on;
- the ability of everyone involved to identify practical objectives and outcomes;
- the capacity of agents at all levels to achieve outcomes within deadlines;
- the ability of public administrators and politicians to ensure that information is turned into policy, and from there into budgets and plans;
- the ability of everyone involved to align, plan and budget;
- networks and other aspects of neo-patrimonial practice.

Other Dimensions to iccountability

Accountability concerns the relationships between individuals or institutions at either the same or different levels. For example, there could be an accountability relationship between

Figure 2: Sub-National Accountability Relationships (and Some Core Planning Mechanisms)
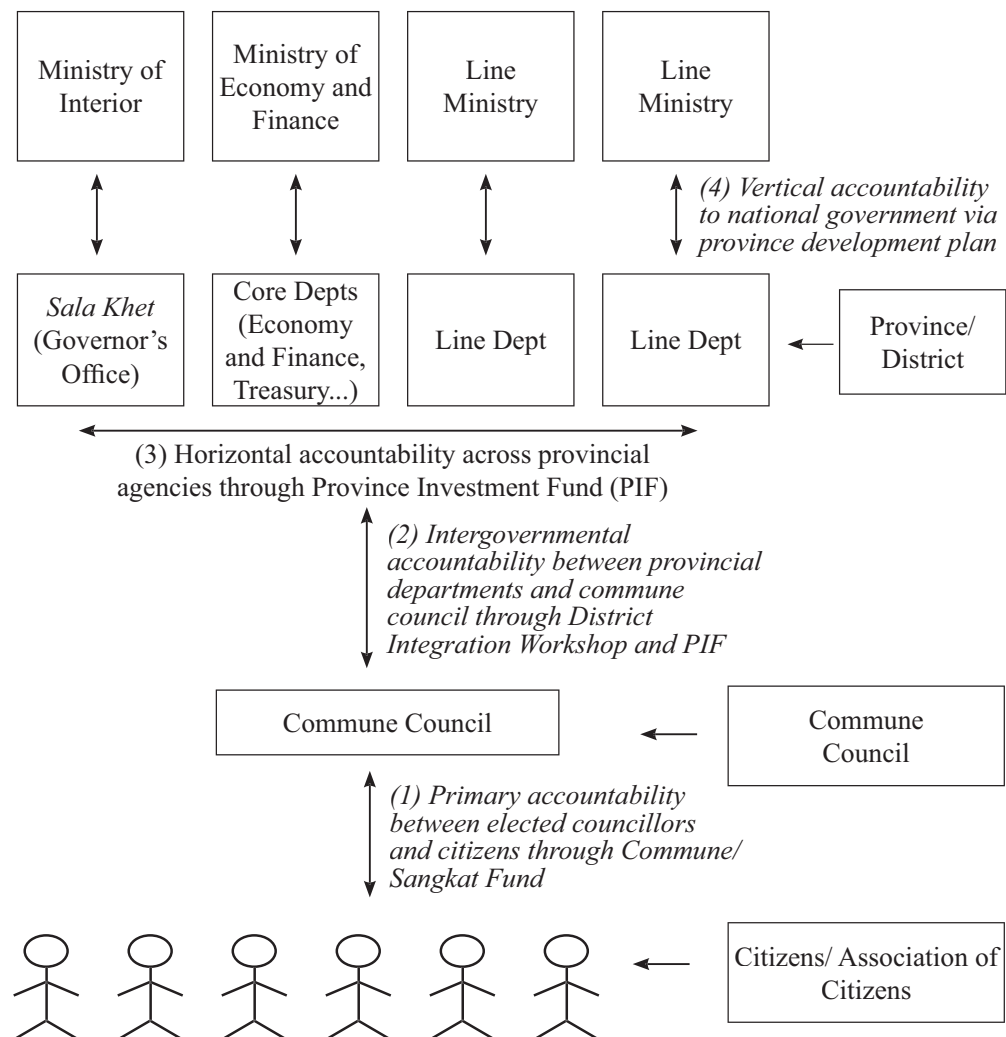
a supervisor and an employee regarding a particular task, between a support department and a line department within the same ministry or between two or more ministries. Accountability relationships also exist between central and sub-national agencies. In this paper, the focus includes vertical accountability of provincial administrations toward central government, horizontal accountability across provincial agencies, primary accountability between commune councillors and citizens and intergovernmental accountability between province administration and commune councils, as shown in Figure 2. Which actors are involved determines the type of accountability.

Vertical accountability, in this paper, means that provincial administration is responsive and accountable to the national government for the manner in which it exercises its duties (Pak *et al.* 2007; Rohdewohld and Porter 2006). For example, all provincial agriculture departments are vertically accountable to the Ministry of Agriculture for outcomes that the ministry sets out. But the degree to which these departments can be held to account also depends on whether they are given a clear and commensurate mandate, adequate funds, proper political support and enforcement.

Horizontal accountability means that all relevant provincial departments coordinate their work so as to achieve common goals that could not be achieved individually. For example, in order to improve agricultural productivity, the Ministry of Agriculture and the Ministry of Water Resources and their respective provincial departments clearly need to work closely together to make sure that the planning, budgeting and implementation of their activities all respond to the goal. The same could be said of the effort to reduce HIV/AIDS prevalence. The Ministry of Health alone cannot reduce the infection rate; active support from other elements such as education, social work and NGOs is also needed.

Primary accountability concerns the relationship between elected representatives (commune councillors) and local citizens in that citizens participate in determining local needs, in making plans and budgets and in implementing these decisions in ways that make it possible for elected leaders to be held to account.

Intergovernmental accountability has two aspects. The first concerns the fact that higher levels of administrative bodies should be accountable to the demands of lower bodies. For example, it could be the accountability between a central ministry and its provincial departments or between provincial departments and commune councils. The second aspect is similar to vertical accountability. It means that lower level demands (of commune councils) need to be reconciled with higher policy commitments (of ministries via their provincial departments), as with Millennium Development Goals (MDGs), for example. It is intergovernmental in referring to a relationship between different levels of authority that are in some sense independent: communes and provinces are part of one government but are separate legal entities in their own right.

Types of Sub-National Planning Focussed on in This Paper

Existing and reformed sub-national planning processes are described in detail in Chapter 3. For now, and n that we can arrive at a definition of accountability in relation to sub-national planning, we want to provide a short schematic overview.

Sub-national planning refers to (i) planning of the governor's office and various provincial departments, (ii) commune planning, (iii) planning introduced by reform initiatives, in this case SEILA, and (iv) planning of donors and NGOs operating at the sub-national level. The sub-national accountability of relevance in this paper includes: (i) vertical accountability of provincial administration toward central government, (ii) horizontal accountability

across provincial agencies, (iii) primary accountability between commune councillors and citizens and (iv) intergovernmental accountability between provincial administrations and commune councils (further defined below).

Generally, a line department has numerous plans to cope with: one set for the parent ministry in Phnom Penh; another for the *sala khet* (governor's office); a different plan for the provincial investment fund (PIF); and various other plans from international and local NGOs or donors (see also case story 1 below). Commune planning refers to five-year commune development plans (CDP) or the three-year rolling commune investment programme (CIP). Planning introduced by reform initiatives refers to provincial department planning for the PIF, while donor or NGO planning refers to their project or vertical programme planning.

Figure 3. Sub-National Planning, Accountability and Decentralisation Reform
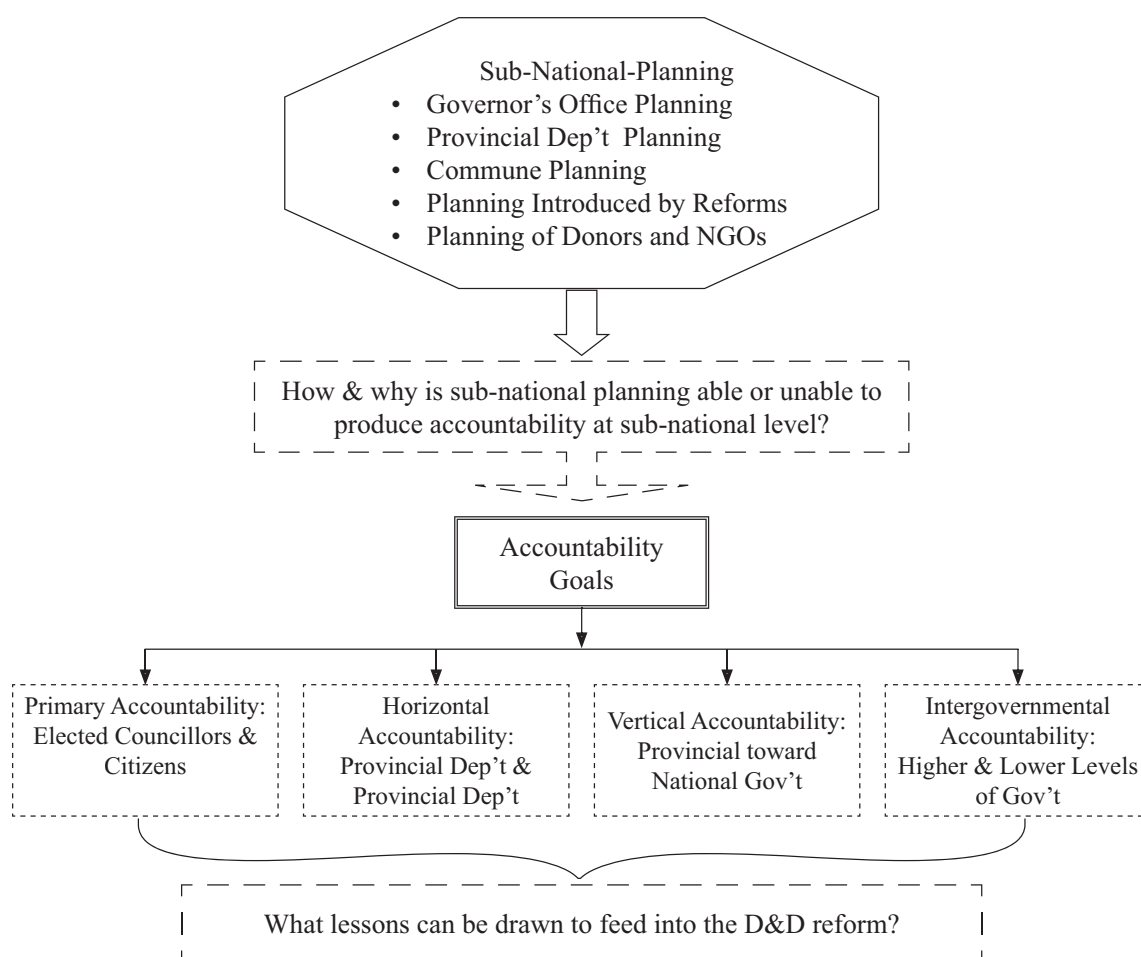
Readers will note that the analysis relates a particular type of sub-national planning to a particular type of accountability because no one plan, as an instrument, can address all types of accountability. Readers will also note that the types of planning and accountability in focus have largely been created by the decentralisation reform. A further section describes

the impacts that decentralisation has had on sub-national planning and accountability and highlights the expected changes in sub-national planning and accountability from the next round of decentralisation reform.

Finally, we are in a position to define what we mean by accountability in Cambodian sub-national planning. Here, we want to provide something of an ideal system, a vision of what a really accountable system might be like under a truly functional decentralised arrangement.

Defining Accountability in a Cambodian Planning Setting: a Vision for Good Planning

In this paper, and based on the findings that follow, accountability in relation to sub-national planning implies the following:

- It cannot proceed without adequate fiscal resources, staff remuneration and capacity building in the governor's office and the provincial departments (achieving which requires a better decentralised organisation of those departments).
- It requires, as a basic prerequisite, an effective linkage between planning and budgeting across both recurrent and development budgets.
- In particular, the sub-national level must be able to make more substantial claims against national recurrent and development budgets, or receive improved devolved or own-source revenues. Existing transfers through the Commune/Sangkat Fund (CSF), district investment fund (DIF) and PIF are a start, but they need greater scope and reach.
- At all levels, it must encompass proper needs assessment and a related policy formation and prioritisation process, again aligned to funds.
- It must respond to important population needs in areas such as public health, resource management and human security.
- More effective horizontal coordination (around needs assessment, policy formation and prioritisation) is needed between and within sectoral ministries as well as donors and NGOs.
- More effective vertical coordination is required between national, provincial and local planning.
- All this needs to build on existing bottom-up participatory planning and add to primary, political or electoral accountability at local, provincial and national political and administrative levels.

Finally, it should be noted that the analysis of sub-national planning and accountability (as well as in central government) in this paper intends to highlight issues that are within the particular realm of decentralisation and planning reforms. Nonetheless, as noted in the first dot point above, the paper is mindful that sustained progress in decentralisation and sub-national planning reforms also depends greatly on the progress of the other major reforms, such as the civil service reform (CSR) and the public financial management (PFM) reform. Thus, unless the paper directly claims that certain actions can be achieved via D&D and planning reforms alone, the suggestions in this paper are given within a context of CSR and PFM.

In the meantime, the everyday reality of planning is not all it might be, and neither is it supported well by wider reforms. To give the reader more of a sense of or feel for that reality, we offer the following overview based on our research.

We asked the directors or planning office heads how many plans they dealt with annually. "Which plan do you refer to? We have many plans", the directors often asked back. "Specifically, we have the plan for our parent ministry in Phnom Penh, the plan for the *sala khet,* the plan for the SEILA programme and various other plans from international and local NGOs or donors" , responded the directors. We then probed further: "Are these plans and their proposed activities and budgets coordinateth How does each plan correspond to the national priorities?"

With these questions, we were often referred to the head of the planning office of the department on the ground that he or she would know better, and that quite often was correct. What soon became clear, however, was that each piece of planning was done in relative isolation, with very little sense of how the pieces could or should be coordinated. In many cases, a kind of bare minimum, incremental "survival planning" approach dominated, wherein provincial departments prepared their annual development planning to the central ministry over a very short time frame, largely based on the previous year's recurrent allocations, and often without clear knowledge of how much new development funding was available. It was clear too that the development allocations were overwhelmingly tied up in donor-funded vertical programmes, even where they were meeting recurrent costs, and that provinces had very little reach into the central levels that controlled development budgets and their vertical programmes.

When we asked who delivered the services when there is funding, the heads of the planning offices of the various departments gave a typical response:

"It's the central ministry people. We [the provincial departments] act as the 'assistant' or 'facilitator' to the central team because centrally based staff often come down, manage and implement the activities on their own. We are not even a contractor because a contractor would get to do their own planning, budgeting and implementation."

This was not because they lacked experience or expertise. The head of the planning office in these departments generally has been working there for over 10 years. He or she often possesses a huge amount of institutional memory and could easily recall how planning was done in the early socialist planning periods of the1980s, and how different it was now. They were, however, less clear about why the changes were introduced. In the early 1990s, with the advent of deregulation, planning had all but died as a function of sub-national government. In many ways, SEILA had revived it, albeit in a very different way.

The heads of planning offices of provincial departments that had worked with CARERE I, CARERE II and later SEILA often have a handy knowledge of how SEILA planning and investment spending worked. During our interviews, we asked them about the coordination of activities and budgets of the many plans their department deals with and how those plans respond to nationally articulated development priorities. We often did not get a clear answer.

In general, however, it was clear that there is an insignificant degree of coordination between all these plans. The provincial department prepares a "wish list" development plan for its parent ministry, based on ministerial guidance. How the plans of provincial departments are integrated into the plan of the ministry was not clear. The departments within a province prepare another plan for the *sala khet* with separate regulatory guidance and support from the provincial Department of Planning, which acts as a secretariat for

the *sala khet*. The Department of Planning consolidates all the plans into one provincial development investment programme (PDIP). The development activities listed in the PDIP are not linked to the national development plan and are not supported by adequate, predictable and timely funds. Consequently, the PDIP is often merely a compilation of the provincial department's "survival" and "fishing list" plans, stapled togetherlond prefaced with some statistics and statements themselves not closely linked to particular programmes or budgets.

In some provinces, the PDIP was used to prioritise departments' responses to the discretionary funds (the PIF) made available to departments via the SEILA programme, to enable them to respond to the commune's priorities. The departments always mentioned planning for the PIF, because it is the only discretionary investment fund that they could apply for and manage. In general, though, the departments complained that the PIF is too small to allow them to deliver significant services.

"The PIF is only a little bit over USUSD10,000 a year for my department. We have more than 100 communes in my province. How could I support them with USUSD10,000? We end up helping a couple of communes this year and supporting the others in the following year."

Meanwhile, some informants with a close knowledge of the PIF alleged that it was also seen as a pool of resources that the provincial governor could tap into in order to deliver on his political promises by asking the directors of departments to spend the PIF on particular projects. The effect has been that the departments spend the PIF on projects that are not necessarily prioritised by the villagers through the commune planning process.
The provincial officials we interviewed often spoke highly of the commune local planning process (LPP) and equated it to "true" bottom-up democracy, in which local people express their needs and the commune council has its own discretionary CSF to respond to those needs. When we said, "But the CSF is quite small compared to the needs", the officials responded, "That's true, but at least the commune council has some discretionary money. We don't have anything".

We also inquired about the activities of the many NGOs and donor projects within the provinces and wanted to understand how they planned their development activities and whether the departments were aware of them. The departments were often not involved by the NGOs during their planning; the NGOs usually come to provinces with pre-identified activities, funds and geographical focus worked out, often without reference to the department's own plan, and some operate on a different fiscal year from that of the departments.[4]

We were also very interested in how donor projects operate in the provinces. Similarly, we quickly learned that donor-financed projects were mostly vertically managed and that the departments' involvement varied a great deal. Some were the implementing agency; others were only "assistant" or "facilitator" to the centrally based team; some were both. Whether or not the project activities are strategically linked to the department's own plan, the directors seemed to be able to provide the general comment that every development activity helped the province.

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[4]   See Eng *et al.* (2007) for human resource management and accountability implications when department staffs work on NGOs' or donors' projects.

What we also found, however, was that NGOs were not the only ones coming into provinces, districts and communes with projects outside the plans and budgets of these bodies. Here, politics is also important, as central politicians frequently reach down into sub-national government to finance a wide variety of projects and programmes. Some politicians worked out a way to include projects that were politically beneficial into the commune investment plan by manipulating the LPP. These projects might have little to do with the "common interest" of the villagers but were, nonetheless, successfully formalised and given a kind of legitimacy through the LPP.[5]

1.2. CORE RESEARCH QUESTIONS

As mentioned at the beginning of this chapter, the fundamental objective of the paper is to understand governance arrangements that would support sub-national planning in being a useful development tool for pro-poor accountability. With this objective in mind, the paper asks the following research questions:

- How does formal sub-national planning work, and what are the accountability issues?
- How have reforms, donor programmes and NGO projects affected formal sub-national planning and accountability?
- How have informal and neo-patrimonial governance arrangements affected the formal sub-national planning and reforms, donor programmes and NGO projects?
- What will be the implications for pro-poor accountability for D&D and similar future reforms?

The analysis of sub-national planning as an instrument to achieve accountability centres on sub-national planning for service delivery (e.g. social services of basic health care and education, rural infrastructure), and on capital investment (building new things or rehabilitating existing ones), the funds for which come from the CSF, PIF and donors and NGOs.

Although this paper is not comprehensive because it does not deal with planning for social regulation issues around security and rural livelihood resources (water, forest, land) or planning for recurrent investment around operations and maintenance (O&M) and human resources, it provides a foundation for expanded research into these areas.

Key Highlights

The paper highlights some main issues in relation to the research questions. Details on each issue are provided in subsequent chapters. The issues are structured around five interconnected themes:

- Centralised control of development funds and implementation disempowers provincial planning and thus weakens vertical, horizontal and intergovernmental accountability.

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[5]   *Ibid.* Note that the allocation of the PIF, discussed later in the paper, to provincial departments is determined by the degree to which the departments plan to support the commune priorities, which are derived through the LPP. Key informant interviews with former Partnership for Local Governance (PLG) staff suggested that there were occasions when the provincial governor urged the departments to use their PIF to fund activities in areas that he previously promised the villagers, and the governor-preferred activities may not reflect real commune needs.

- The SEILA programme revitalised sub-national planning, and this promoted primary, intergovernmental and horizontal accountability, to a degree, by making funds available and strengthening or creating the necessary institutions. However, for all their strengths and new contributions, these programmes lacked real coordinating power in several dimensions. This was partly due to wider realities including neo-patrimonial influence, and partly due to the scope and mechanisms of the programme's own systems.
- The many donor and NGO projects, while delivering concrete services in the short term, could introduce fragmentation that hampers accountability in the long run.
- In all these areas, informal, political and neo-patrimonial aspects of Cambodia's existing governance structures influence planning and accountability.

Figure 4: Interconnected Issues
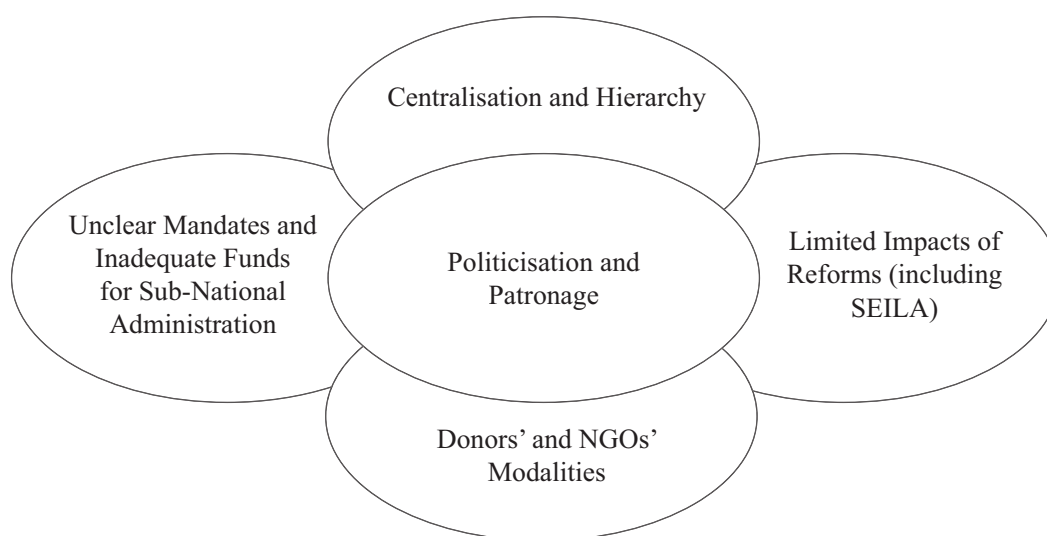
1.3. RESEARCH METHODS

This study is based on data and information from fieldwork and the literature. It selects four provinces: Takeo, Siem Reap, Banteay Meanchey and Kratie; four provincial public institutions: *sala khet,* Department of Health, Department of Agriculture, Forestry and Fisheries and Department of Rural Development; and others such as senior provincial programme advisers and members of executive committees. The four provinces were chosen based on simple criteria including geographical variations, economic and political variations, experience with the SEILA programme, government interest in the area, presence of donor and NGO local activities and previous CDRI experience in the area.

In each department, the team met with at least two people, including the provincial governor or deputy, department directors or deputies and personnel office chief or deputy. Moreover, there were some interviews with ordinary staff of no particular rank, who have often worked in the department for years. Such interviews often provided important nuances that were especially helpful to explain the informalities of "how things are done around here". In some cases, the team had to go to the district to interview staff (e.g. operational districts

in the health sector). At the national level, the study selected the SEILA Task Force, the Ministry of Interior's Department of Local Administration, the Ministry of Planning, the Ministry of Health, Ministry of Agriculture, Ministry of Public Works and Transport, and Ministry of Rural Development, and donor agencies for further interviews.

Fieldwork involved three stages, starting with a formative phase and followed by two iterative research rounds. The first stage was conducted in December 2005 with the intention of gaining a preliminary understanding of the formal human resource structures and management systems in the provinces. The two following stages were carried out in May and December 2006 to revisit and dig deeper into aspects of informal planning, and the impacts of the centralised control of funds and fragmentation of sub-national planning partially driven by the many vertical programmes and NGO projects. This research method enabled researchers to gain a clearer understanding of the actual situations and sensitive issues if respondents were not willing to answer fully at the first meeting. Beyond this, the research was informed by a great deal of further engagement and discussion around particular case stories, and with many of those centrally involved in D&D processes on the side of both the government and donors.

The study employed three techniques to collect the primary data: (i) formal interviews, (ii) informal discussion and (iii) other observation techniques at meetings and events. Because it is qualitative research, the research team developed some key questions as guides. Research protocols were applied for the whole data collection proenss, including sending an official letter to the *sala khet* and then circulating it to the target departments, self-introduction and giving contact numbers and presenting study purposes. Analytic memos were used after returning from the field. There were breaks of a few weeks between one province and another as the team wrote up its findings and met with key people at the centre.

Observation is most important to this study. A number of case stories were developed based on the research team's observations while meeting people in offices. These cases are all composed from actual situations, with the particular details obscured for confidentiality. In some cases, aspects of two different situations have been combined, again to ensure confidentiality. The Khmer sayings, scattered throughout, are also the result of observations and informal meetings. This paper does not reveal the real names of respondents; the names used in the cases are fictional but the cases are real. Full studies are extracted from the similarly told stories of a number of informants.

1.4. STRUCTURE OF THE PAPER

The paper comprises six chapters. Chapter 1 introduces the topic. Chapter 2 develops the conceptual frame within which the paper approaches planning, accountability and neo-patrimonialism and the relations between them. First, it defines planning and shows how planning is related to accountability. It does this by introducing planning and accountability concepts in taxonomic, historical and Cambodian terms. Chapter 3 provides an overview of central and sub-national planning as it currently exists. Some reforms that impact on sub-national planning are also highlighted. Chapter 4 analyses three key issues: (i) centralised control of funds and human resources and how centralisation weakens accountability; (ii) disconnection between sub-national plans and what implications that holds for accountability; and (iii) limitations of the SEILA programme in its attempt to revitalise sub-national planning and promote wider sub-national accountability. Chapter 5 focusses on the impact of donor and NGO projects on accountability. The concluding remarks and recommendations for the D&D reform are given in Chapter 6.

The Paper's Case Studies

Various case studies are used across the chapters to highlight the everyday realities related to one or a group of arguments. The following are the cases, with a brief statement of why they were chosen.

- *Chapter 1, Case 1: Many Plans: Some Realities of Sub-National Planning.* This introductory case highlights the many different types of sub-national plans in existence and the complications they create in enhancing various types of accountability.
- *Chapter 4, Case 2: Substandard Laterite Road: Whose Fault Is This?* This case puts into perspective how central and provincial neo-patrimonial relations, along a particular ministerial line, informally yet systematically eat up development funds. It shows that such practices severely undermine the quality of public investment and points out that if they continue, the departmental dilelopment plan, although funded, is unlikely to promote accountability.
- *Chapter 5, Case 3: Commune Councillors: Could Your Planning Process Help Us with Our Irrigation Water Shortage?* This illustrates that commune decentralisation, without appropriate higher support, can not address basic livelihood issues, such as a shortage of irrigation water, that span multiple communes.
- *Chapter 5, Case 4: Tbaeng Commune: How Many Plans and Budgets Does the Commune Deal with, and What Are the Implications for Primary Accountability?* This case provides an image of commune councillors frantically running to cover the many projects and engaging in much training. It shows the many relations that a typical commune has with external actors and how the impact of the LPP on primary accountability is difficult to establish.
- *Chapter 5, Case 5: Commune Council: Who Took My Prahok?* This shows how particular neo-patrimonial interests can benefit from a public asset via the disguise of privatisation to prevent the asset being left to ruin due to a lack of maintenance funds. It suggests that once higher-ups' interests come into play, the ability of a council to protect or demand a fair share for its citizens is very limited, resulting in weakened primary accountability.
- *Chapter 5, Case 6: Did the HSSP's Short-Term Results Promote Primary Accountability and Wider Coordination?* This case demonstrates the effects of one donor vertical programme in the health sector on provincial primary accountability and wider coordination. It highlights that a donor vertical programme is able to achieve its output, often defined in specific and quantifiable numbers, yet its process often fails to engage sufficiently the local actors important in promoting primary accountability and wider coordination.
- *Chapter 5, Case 7: To Whom Are Mr Sara's Staff Accountable, and What Benefits Does Mr Sara Get from Many NGO Projects?* This shows that NGO projects, when formulated without prior consultation with the commune council or provincial departments, and when implemented in an uncoordinated way, distort the accountability of provincial department staff towards the project. It indicates that while NGO projects provide resources to enhance administrative efficiency in the short term, those resources also enable the interests of sub-national patrons to grow and become legitimised under the framework of local development.

Chapter 2

Conceptual Framework and Review of Literature:
Planning, Accountability and Neo-Patrimonialism

Chapter 2

Conceptual Framework and Review of Literature: Planning, Accountability and Neo-Patrimonialism

W hether done at national, sectoral, local or project level, planning is always a process of trying to impose rationales, choices and predictability on resource allocation, events, people and situations so as to achieve the best possible outcomes. Planning rose to prominence as a technical mechanism for resource allocation at a time when public sector decision-making was much more centralised because of prevailing concepts about how to approach development. Over time, planning evolved—with changing theories and shifting wisdom about development and governance—from a more technical exercise to something more process-oriented and grounded (at least somewhat) in democratising political systems, from highly centralised to more decentralised, from an overwhelming grand strategy to a "what can reasonably be done" approach. Contemporary planning has come to be seen as creating a balance between technical factors and political forces, between national and local priorities (Paul Smoke , 2008, personal communication).

Any significant planning process involves dealing with complex situations. This section develops the conceptual frame within which the paper approaches planning, accountability, neo-patrimonialism and the relations between them. First, it defines accountability and planning and shows how planning is related to accountability. It does this by introducing planning and accountability concepts in taxonomic, historical and Cambodian terms. Planning is a technical process of setting priorities and allocating resources (human and financial), but one which is always powerfully affected by the political and other realities around it. In Cambodia, this means that planning is shaped by the neo-patrimonial aspects of governance. After defining neo-patrimonialism, the section describes the basic features of the relationship between planning and neo-patrimonialism, the details of which are explored in the following chapters. Finally, it considers donor responsibilities for building, or at least not undermining, Cambodian governance accountabilities. It opens the paper's discussion of ways in which donors have established systems which, while strengthening their own projects' internal accountability, weaken accountability in mainstream and sub-national government.

While it is desirable to be able to say clearly what an intergovernmental planning system for decentralised Cambodia should look like in order to enhance accountability in appropriate ways, such clarity is not possible because the details about the D&D reform are still emerging. As we have described in chapter 1, some key features are required if intergovernmental planning is to be robust and advance sub-national accountability. Of relevance to this paper, these features include connection of plan to recurrent and capital funding, currently managed centrally, the horizontal and vertical coordination and the scope of the plan. The next two chapters discuss extensively these features by delving into central and sub-national issues, systems, processes and procedures that have promoted or undermined these required features.

2.1. PLANNING AND ITS RELATIONSHIP WITH ACCOUNTABILITY: IDEAL DEFINITIONS AND EVERYDAY REALITIES[6]

As discussed in Chapter 1, authors and scholars have provided numerous definitions of accountability. Fox and Brown (1998) define it simply as a process of holding particular actors responsible for their actions. Schedler (1999) offers a similar explanation, defining accountability as a process by which one actor holds another responsible for what the latter has done, and which involves answerability (giving an account of one's own performance) and enforcement (giving rewards or imposing sanctions according to performance). As we also saw, the World Bank expanded on the concept and stated that accountability needs five interconnected elements to be present: delegation (meaning clear assignments), finance (adequate funding at all levels), performance (of public servants, ministries and other service providers), information about performance and enforceability (World Bank 2004: 47). As shown in Chapter 1, the meaning of the concept gets more complex when it is used with different adjectives such as political and electoral (Schedler, Diamond and Plattner, 1999), social and pro-poor accountability (Burke and Nil 2004) upwards, downwards, horizontal and primary accountabilities (Rohdewohld and Porter 2006).

Planning, again as described in Chapter 1, is best understood as a tool for promoting accountability between levels of government, between departments at the same level and between citizens and government. Done rationally and comprehensively (as defined below), it can achieve good needs assessment and rational and predictable allocation of resources according to agreed priorities, and then provide a means for subsequent assessment of what needs doing next. However, planning in practice is rarely straightforward. Not only do many priorities and people need to be aligned, but the context within which the plan is formulated can also have a powerful impact. In Cambodia, the impact from political factors, as well as from the capacity and resources of government agencies, is especially strong (as discussed further in chapters 3, 4 and 5).[7]

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[6]   Here we do not engage in the discussion of the evolution of planning as a theory (see Friedmann 1987 for such a discussion). The purpose here is to understand how planning is done as a technique, its different forms and their strengths and weaknesses. This would help us to know what changes need to be made to the planning system to improve the service delivery and efficiency of state institutions. The planning discussed here refers to broad development planning that takes into account political, social and environmental considerations as well as economic factors.

[7]   Planning, in other words, does not take place in a vacuum. It is a political process (Flyvbjerg & Richardson 2002). Since it concerns decisions about the use of resources, it is obvious that politicians want to make sure that the planning benefits their interests, which may not always coincide with the interests of the general population. Planning literature clearly suggests that planners must be skilful at using the power at their disposal to anticipate and ward off political interests that could affect the democratic planning process (Albrechts 2003). Green (1992: 30) also argues, "A successful planning approach must combine strong technical skills with a recognition of the political process".

2.2. THE REALITY OF PLANNING: RATIONALITY, INCREMENTALISM AND THE SHIFT FROM PLAN TO BUDGET

Because in practice all these factors mean that planning is always subject to limitations, analysts discussing planning have identified a number of different ways of considering both its ideal and realities. Green (1992) discusses three models: comprehensive rationalism, mixed scanning and incrementalism.

2.2.1 Rational Planning

Rational planning tries to produce a comprehensive plan through a number of steps: the identification of objectives; consideration of all relevant or most important alternatives including resources, selection and implementation of the "best" alternative available; and prioritising and sequencing the implementation. The sequence begins over again with the reassessment or evaluation of the situation.

This kind of comprehensive rational planning reached a high point in the 1960s, when Soviet planned economies appeared to offer viable or even superior alternatives to economic development relying primarily on markets. Such comprehensive models, usually five-year plans, were adopted in many socialist countries, including, for a period, Cambodia (Scott 1998). In the same period there were also many attempts to establish western planning models in developing countries. In development, such attempts were best exemplified by Waterson's 1965 classic *Development Planning: Lessons of Experience,* a large "how to" manual based on advanced western practices, which developing country technicians could replicate. This kind of approach was often applied not just nationally but also to large "area development" programmes that aimed to develop many aspects of a locality at once, with massive injections of infrastructure and services in multiple sectors. These models seem to have placed great confidence in the possibility that large-scale rational planning can deliver economic and social development (Dalal-Clayton *et al.* 2003).

In comprehensive rational planning, accountability is, in principle, clear: the objectives are clearly identified and prioritised, and the responsibility of the actors is to deliver these objectives. They can then be held accountable for the outcomes. In reality, this model has several limitations. The chronological order of the steps may not always be followed because some activities can take place in parallel. Similarly, the evaluation may occur at any time during the planning process. Also, it is nearly impossible to explore *all* potential alternatives given the constraints of time and resources. Realistically, then, it is difficult to expect comprehensive rational planning to sustain broad accountability.

Critique and Demise of National Rational Planning

Looking back, the five-year plans and area development projects did not often deliver the expected outcomes (Easterly 2001; Scott 1998). The comprehensive planning model has been criticised from many other directions. Neo-liberals have questioned the ability of the state to generate such knowledge and apply it in a timely manner. Famously, Hayek (2006) viewed planning as a step along "the road to serfdom". Markets, he argued, do a much better job of allocating resources, and without the need for an inept and expensive state apparatus. State planning should be dismantled, state enterprises and service provision privatised and managed by the market. In Cambodia, deregulation, along with weakness in the ability of the state totooordinate its own activities and regulate the wider economic factors, has meant that large-scale rational planning has either not been effective or has been abandoned (Hughes and Conway 2004; Toda 2001).

Neo-liberalism entailed a shift away from the centrality of planning towards governance that focussed on the market and, more closely related to planning, on the budget. In retrospect, it is possible to describe this shift as "from the plan to the budget" as the principal driver of decisions, thus introducing the idea of "planning within hard budget constraints" to improve planning and fiscal discipline. Particularly, the shift from plan to budget introduced the idea of "market" to government, trying to create the market "demand" (the plan) and "supply" (the budget) relationship. The shift also led to the idea that fights over funds would "incentivise" better decisions than the old-style "fights over the plan".

The budget focus emerged because development approaches based on large state planning often created huge fiscal deficits. These, with the debt and bloated bureaucracies they created, impacted negatively on markets. In recent years, disciplining the budget has become a basic tool in creating the macroeconomic settings for development (Fischer & Gelb 1991). As a consequence, the roles and power of planning ministries have been greatly reduced relative to those of economists and budget experts of treasuries or finance ministries, who hold the purse strings. But planners' roles could at the same time be empowered in that, for the first time, the plan is really connected to the budget.

Even where big-picture planning has partially re-emerged in development (as in, for example, the Poverty Reduction Strategy Paper [PRSP] [in Cambodia, the NSDP] process, which prioritises pro-poor activities), planners still compete with finance ministries or treasuries and politicians to influence budget priorities from a fairly weak position. This is because politicians often try to claim as much funding as possible to please their supporters although it might not be used in ways that deliver on development goals, as rationalised by planners. In such scenarios, the pressure for political accountability on the politicians' part might weaken the ability of the planning ministry to meet the accountability for outcomes. Yet, fighting to get funds is legitimate in a democratic society, where the executive and legislative branch debate, negotiate and agree. What is important is that Cambodia lacks a strong mechanism within which such btuget fighting could take place democratically because the legislature remains weak (World Bank 2004; Burke and Nil 2004).

In Cambodia, under the D&D reform, there will be a possibility of and a need for more comprehensive sub-national planning to ensure that public service delivery is responsive to broad-based and pro-poor needs, rather than limited, territory-based, local needs. This same D&D framework would enable sub-national government to receive more fiscal resources (through intergovernmental transfer for delegated functions and own-source revenues for devolved functions) and to have more discretion over the use of these resources. If this happens, sub-national government could become more accountable to local needs and push sectoral departments in that direction as well.

Due to the many limitations of comprehensive planning, much more restricted, local and decentralised planning approaches have emerged (Dalal-Clayton *et al.* 2003), including, as we will see in this paper, the SEILA programme. These local planning approaches have tended to focus on service delivery and thus had narrow accountability relationships. Here, they align in general with new public management (NPM) with an emphasis on MDGs of donors and government (among others), and which have a strong service delivery "output" orientation and have favoured local or decentralised planning (Pak *et al.* 2007). At the same time, these approaches aim to boost output through a participatory process, which should in theory provide better information and feedback to planners and others, while at the same time giving voice to and thus creating accountability for local actors. To what extent this is actually the case, we will need to reconsider later in this paper.

The strict focus of planning for output can also have a negative impact on horizontal accountability. For example, in most development sectors and levels, there are many donors and NGOs working, often in highly uncoordinated ways and with quite narrow, upward-oriented accountability, often to their own organisations or foreign donor governments. They tend to work in vertical programmes that deliver services to targeted places and employ technical innovations specific to the programme.[8] They have few or no contractual or mandatory obligations to coordinate their work with other agencies in the same place. As a result, coordinating across multiple projects, programmes and sectors, for example across a province, is much harder, and the kind of horizontal accountability made possible through planning is negatively impacted (Craig and Porter 2006).

2.2.2. Less Ambitious Approaches: Mixed Scanning and Incrementalism

Decentralised and project-specific approaches were not the only responses to the difficulty of adopting a comprehensive rational model in the real world. Green (1992) classifies other approaches, including *mixed scanning* and *incrementalism,* which this section will illustrate.

Mixed Scanning

Mixed scanning is most widely practised in Cambodia in projects. In this model, once project objectives are identified, some planning attention (scanning of the situation) is paid to selected (or mixed) areas of interest. In other words, the areas of project interest are given priority and it is within this priority that the examination of possible alternatives takes place. This reduces the need to explore all possible alternatives, narrowing the scope of planning to specifics that are more achievable and manageable. On the one hand, this is a very reasonable approach; no one tries to change or engage everything and everyone. However, the difficulty with the model relates to how priority is set. On what basis is one alternative given priority over others? This decision will be rather subjective and may be largely based on the narrow needs of the project or on previous experience and instincts. This suggests that, unlike with the comprehensive rationalism model, there is little objectivity or rationalism in the planning of the mixed scanning model.

In this model, the accountability is clear, but limited to the prioritised areas. Because alternatives are explored within a specific perimeter of the selected objectives and priorities, actors are accountable only for outcomes within that perimeter.

Incremental Planning and Its Varieties

Because comprehensive rational and mixed scanning approaches face huge obstacles in practice, most planning proceeds on what Green calls an incremental basis. Because planning may result in the possibility of change, which may not produce a win-win situation, it will certainly oa subject to contest, resistance or support. The incremental approach to planning takes into account the politics related to planning (Green 1992).[9] Politics comprises not only ideology and party interest but also the wider interests of others concerned (donors, NGOs, local government, local state and non-state elites). The incremental approach, however,

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[8]   See Rohdewohld & Porter (2006) for a discussion on vertical programmes and their impact on pro-poor accountability in Cambodia.

[9]   Chhotray (2007: 1039) argues that, in the case of India, "scholars of Marxist and liberal-democratic persuasions ... agree that the attempt to segregate politics from (planning) development ... did not quite succeed and, moreover, produced enduring contradictions that have crippled the efficacy of the state and the development process".

is viewed as "disjointed" because it pertains to a series of steps that are not necessarily sequential due to the changing nature of politics. Each step is pursued in an incremental manner within its own political atmosphere.

In Cambodia, as we will see, current provincial planning can be viewed as incremental: take last year's numbers, add a few percent or a couple of hopeful projects and send off the plan. To illustrate, let us use the examples of the planning of provincial departments. Both development and recurrent planning of departments uses the incremental approach, although with different levels of funding predictability. Both plans use the previous tear's figures as a base and adjust this year's plan according to the increased percentage given by central government. The provincial department does not plan for recurrent funds (salary and administrative) because the funding is given as one package to the department and determined incrementally by the Ministry of Economy and Finance. The recurrent budget is the department's own funding in that it is recorded in the department's book and held by the provincial treasury.

In terms of development planning, each department has a five-year development plan, prepared in the first year of the government's new term, and a three-year rolling investment plan. This provincial development plan is insignificantly funded because the key development funding is held and managed by the ministry.

Another common type of provincial incremental planning could be called "wish list", "compilation" or "fishing" planning. This involves the provincial planning department assembling or compiling the plans of all line departments, often with the inclusion of a few pages of statistics or a consolidated budget affixed to the front. While the coverage of compilation planning on one level is comprehensive, there is often no link between the parts. There is no effective mechanism for linking the statistics, programmes or budgets of these departments to achieve common priorities. Even though a provincial development wish list has not been sufficiently funded by government, it is not without use. Such plans can be pulled out and shown to donors and NGOs, or picked up by politicians looking for ways to be seen to be providing for local needs. The fishing plan might catch a reward.

The incremental planning model, broadly speaking, produces less clear and predictable accountability because it more openly involves "politics", which is inherently less predictable and more varied. Changing politics alters the setting of objectives and priorities, which eventually changes the exploring of alternatives. Because objectives, priorities and alternatives vary according to politics, the actors can not be predictably held accountable. This unpredictability points to the need for a careful analysis of the effects of different alternatives on different groups in order for planning to succeed. This is especially crucial in Cambodia.

In Cambodia the provincial planning system is a weak tool for achieving broad-based and pro-poor accountability because of its ineffective linkage to higher-level recurrent and capital funding and its lack of horizontal and vertical coordination and scope. The reality now is that a majority of planned activities (development and recurrent) receive an insignificant amount of funding. Consequently, planning for development projects can be characterised as a "wish listing" exercise, while recurrent or administrative planning could be referred to as "survival" planning because it ensures the availability of minimum funds to pay for administrative expenses (the recurrent funding of line departments does not include O&M).

What is crie cal here is that the small increments of planning limit its scope and reduce its ability to deal with bigger issues, especially those related to livelihood assets such as water, forest and land. If planning is to be an effective tool to build and advance accountability in ways that reduce rural poverty, it must be able to deal with these bigger issues.

2.3. CAMBODIAN PLANNING, ACCOUNTABILITY AND DEVELOPMENT OUTCOMES IN NEO-PATRIMONIAL CONTEXT

The above brief discussion of the different approaches indicates that planning is often done in a context of politics and limited resources, requiring planners to be flexible. Planning can not be completed in a straight line manner, one action following another. The steps, in actuality, may be disjointed so that planners have room to manoeuvre around obstacles to advance towards the development goals. As the later analysis will show, in Cambodia few plans provide effective coordinating mechanisms. Due to wider political and economic considerations of the central government,[10] the planning of provincial departments is insufficiently and inadequately linked to development and recurrent funding. Especially, it is not well linked to O&M and has very limited leverage over capital spending within its own vertical structure or across departments. In addition, the current scope of sub-national planning does not cover the management of natural resources. Hence, the current sub-national planning, as an instrument for pro-poor accountability, has not been fully effective and leaves much room for improvement. Part of the reason relates to basic structures in Cambodian governance, and especially to neo-patrimonialism, which is a key analytic concept that we need to elaborate at this point.

2.3.1. Planning in the Context of Neo-patrimonial Governance[11]

The Patron-Client Relationship and Its Relation to Planning and Accountability

Patronage has been a feature of political and social organisations for as long as they have existed. The theoretical analysis of patronage (patrimonialism), however, was first substantially elaborated in the early 20th century by Max Weber, in "Politics as a vocation" (Weber 1965) and *Economy and Society* (Weber 1978). Using the term "traditional patrimonial governance", Weber describes a situation in which administrative positions and structures are set up by patrons who then assign authority to deputies over certain parts of the overall patronage domain. In short, patrimonialism is a power regime based on the personal power of the patron and his or her discretionary ability to dispense favour and resources to clients, who in turn rule as sub-patrons within their own domains (Weber 1978: 1010 ff).

Patron-client relationships remain common in south-east Asia, South America, much of the African continent and less developed sections of Europe (Scott 1972; Neher 1981). Several prominent scholars propose that such relationships make up the heart of power and authority dynamics at both local and central levels (Scott, 1972; Hanks, 1975; Neher, 1981). Scott defines patronage in lvese contexts as "a special case of dyadic (two person) ties involving a largely instrumental friendship in which an individual of higher social-economic status (patron) uses his influence and resources to provide protection or benefits, or both, for a person of lower status (client) who, for his part, reciprocates by offering general support and assistance, including personal services to [the] patron" (p. 92). Patronage networks do not have clear structures or follow any written rules. Personal loyalties and connections are central, as evidenced in the words of a Khmer adage associated with powerful figures: "The law is on my lips". Patronage is certainly important in Cambodian governance, and

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[10]   In Cambodia, wider political and economic considerations (these could also be called neo-patrimonial csasiderations) involve party politics, politicisation and centralisation of bureaucracy for personal and party benefit, traditional values that lower officials should not question higher authority, especially over funds etc. More can be found in Pak et al. 2007.

[11]   See Pak et al. 2007 for detailed elaboration on patrimonial and neo-patrimonial governance.

its Cambodian characteristics are described at some length in Pak *et al.* 2007 as well as in a number of other useful contributions (Hughes, 2003; Marston, 1997; Un, 2005).

At least two features of traditional patron-client relationships have a particularly negative effect on planning and accountability: control of major resources by elites for self-enrichment; and hierarchy and unequal reciprocity. As described earlier, planning in development terms is a tool for optimising development results from limited resources. In a patrimonial governance environment, the theories argue, the limited resources are controlled by a small number of governing central elites with the primary purpose of self-enrichment (Weber, 1965; Scott, 1972; Brinkerhoff & Goldsmith, 2002; Eisenstadt & Roniger, 1984; Hanks, 1975; Kaufmann, 1974), but of also maintaining the stability and well-being of their political families and networks. In Cambodia, this network is commonly known as *ksae* and *khnang*. *Ksae* refers to a small group of people who support and look after one another. This patronage often has affection-based dimensions such as family, friendship, loyalty etc, and its members act more like an "action set" or cluster. There are also *ksae* of hierarchical patron-client relations under a single powerful backer or political leader known as *khnang*. Thus, people within patronage arrangements can be simultaneously in either the large pyramid or a smaller cluster of a large patronage. Also, within a massive patronage network of *ksae* and *khnang*, different smaller groups may form around specific resource bases. These groups sometimes work together. At times, however, they stay discrete and compete to protect their existing resources and gain control over others.

One important way in which the elites within the *ksae or khnang* enrich and protect themselves and their network is by ensuring centralised control over key resources and decisions. For example, by ensuring that major resources (from material goods such as timber and precious stones to administrative and economic resources such as rents from bureaucratic offices) remain centrally managed and are spent according to their priorities. The strong hierarchy and unequal reciprocity exhibited in Cambodia help explain the lack of funding and scope for provincial planning. Because everyone works to please the central patron in a patrimonial regime, there is an inherent hierarchy and unequal reciprocity of status and wealth between patrons and clients. In planning, the provincial line departments can be considered clients, and they are, therefore, entitled to fewer resources. Accordingly, patrimonialism negatively affects broad-based and pro-poor accountability because it promotes personalised accountability by nurturing a system in which access to resources is determined by the connection that clients have with their patrons as opposed to the merits of the planning.

Neo-Patrimonialism and Its Relation to Planning and Accountability

> *As the name suggests, neo-patrimonialism maintains the essential features of classic patrimonialism, but combines them with features of legal rational government, such as the rule of law and bureaucracy. Bratton and van de Walle (1994: 458) define neo-patrimony as a regime in which:*

> *"… the chief executive maintains authority through personal patronage, rather than through ideology or law. As with classic patrimonialism, the right to rule is ascribed to a person rather than an office. In contemporary neo-patrimonialism, relationships of loyalty and dependence pervade a formal politics and administrative system and leaders occupy bureaucratic offices less to perform public service than to acquire personal wealth and status. The distinction between private and public interests is purposely blurred. The essence of neo-patrimonialism is the award by public officials of personal favours, both within the state and in society. In return for material rewards, clients mobilise political support and refer all decisions upwards as a mark of deference to patrons."*

A shorter definition given by Brinkerhoff and Goldsmith (2002: 40) depicts neo-patrimonial regimes as "a mixed system of government administration, with a rational-legal veneer overlaying a web of personalistic ties characteristic of patrimonial rule".

In essence, neo-patrimonialism concerns a hybrid[12] form of governance incorporating both traditional patrimonial behaviours and rational-legal administrative arrangements. Neo-patrimonial power is maintained through mastery of the formal and informal systems, combining resources from the cultural (traditional), family, economic, political and administrative worlds (Bayart 1993; Braathen 2002). Common features include centralised control of major resources and key government positions for wealth accumulation among elites and their families, systemic fiscal crisis (because there is not enough money left in the formal system) and the entanglement of personal, political and administrative systems and accountability relationships (Brinkerhoff and Goldsmith 2002; Bratton and van de Walle 1994; Chabal and Daloz 1999; Erdmann and Engel 2006; Kettering 1988; O'Donnell 1996; van de Walle 2001).

We should also acknowledge, however, that while from a formal accountability or good governance perspective, neo-patrimonialism always looks negative, in fact all systems are to some extent neo-patrimonial, in that that all systems everywhere have some element of personalised trust and patronage built into them. We should also note that not all patronage and neo-patrimonial practices are always negative: again, institutions involving patronage can provide stability, and, as they have in countries like Japan, South Korea, Singapore and China, can provide some predictable basis for building a state, its development and institutional infrastructure and its ruling and capitalist classes (Khan 2004). However, it is important to differentiate and understand what aspects and practices of neo-patrimonialism are destructive and damaging to state capacity and public interests while facilitating "positive" aspects of neo-patrimonialism to foster development and democratic institutions in the long run (*ibid.*). This paper rather uses the framework to illuminate the Cambodian reality and basic fact in order to deepen our understanding and analysis that are contextualised for the possible way forward.

In neo-patrimonial governance systems, formal accountability through existing bureaucracy is difficult to achieve. Results (e.g., getting the provincial department plan funded) are more likely to be attained through informal means, thereby giving rise to an alternative accountability based on personalised and political connection to higher officials.[13] The impact of such "personalised" or "politicised" accountability is that resources are used to benefit powerful individuals or political networks rather than to meet the needs of the public. The means are informal in the sense that they use personalised or political connections rather than the legally prescribed procedures. But equally important is that all these informal means operate under the framework of formal, legitimate bureaucracy because the people who are involved in the informal process are the same people who staff the formal bureaucracy. The system is neo-patrimonial because the attainment of results through informal means is ultimately legitimised because such attainment is made to appear to be happening through the legitimate bureaucratic procedures and rules.[14]

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[12]   A hybrid system refers to a situation in which democratic structures merge with local historical political cultures and institutions, exhibiting both authoritarian and democratic characteristics (Diamond 2002) and operating through both formal/bureaucratic and informal/patrimonial mechanisms (van de Walle, 2001).

[13]   See Pak et al. 2007 for detailed theoretical discussion on this issue.

[14]   *ibid.*

Neo-patrimonial effects, however, can together create a system of accountability which in many ways is the opposite of planning[15] because the agreed objectives, prioritisation of needs, allocation of resources and implementation all depend on the personal decision of the patrons, even though a formally constituted rational process exists. Through administrative or legal arrangements, the central patrons ensure that the control over major resources remains with them. To maintain the survival of their provincial clients (department staff), just enough resources are transferred to cover day-to-day administrative expenses, or to ensure that the staff are employed in the donor-funded projects that offer salary supplements.

In sum, the hybrid nature of neo-patrimonialism, which combines informal relationships with formal administrative and legal procedures, the former often dominating the latter, creates a disabling encironment for sub-national planning to advance accountability, since provincial department plans will be constantly disrupted by central decisions. Table 2 provides a comparison of the features of patronage and planning and the degrees to which these features contribute to the strengthening of pro-poor accountability.

Table 2. Comparison of Features of Neo-Patrimonialism and Planning

Traditional and Modern Patronage	Planning
Priorities and changes depend on personal decisions of patrons	Priorities and changes are established through a transparent, public planning process
Person based	Rule based
Influenced by behind-the-scenes network (*Ksae* and *Khnorng*)	Influenced by formal policy debates and merits
Personalised favouritism	Depersonalised, institutionalised allocation
Knowledge is derived from a narrow circle of people	Knowledge is derived by engaging a wide circle of technical experts and citizens
Quick or whimsical changes possible	Changes must pass through due process
Aim to build wealth and power of individuals	Aim to build broad-based prosperity
Influence of cultural values	Influence of both cultural and rational values
Manipulation of policy implementation	Guide to objectively implement policy
Systemic fiscal crisis	Effective and efficient use of available fiscal resources

2.3.2. Planning, Accountability and the Role of Donors

Readers will have noticed in this paper the frequent mention of accountability problems related to the practices of donors. The message is that responsibility for accountability problems and limitations related to sub-national planning does not rest only with Cambodian governance arrangements. In recent years, a great deal more attention has been focussed on the ways in which donors' practices and management techniques ("donor modalities") change the situation of accountability. In particular, analysts have focussed on

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[15] Despite the fact that all types of planning have their own limitations, they are about finding a way to allocate limited resources to maximise results, which this paper refers to as those that benefit the poor and the wider public rather than the few elite with ksae and khnang.

the ways donors' requirements for accountability in their own programmes and projects can undermine the ability and incentives of the recipient country to create strong accountability (Acharya *et al.* 2006).

Donors' preferred ways of operating usually involve very clear accountability, often nowadays drawn from NPM approaches (Pak *et al.* 2007; Acharya *et al.* 2006). Here, each project or programme will have very clear, but often very narrow, objectives, often described in terms of narrowly defined outcomes. For example, a project might specify the delivery of a certain number of wells, or the holding of a certain number of training events for a certain number of people. Often, these outputs are framed in such a way as to encourage competitive bidding between various private sector or NGO contractors. The successful contractor then has to show that it has delivered the outputs in order to obtain payment. Next time a contract comes up, the process is repeated, with no guarantee that the same people will be involved.

The donor project or programme is often tightly designed to guard against fiduciary risks, and this regularly requires the setting up of a parallel system (often called project implementation unit, PIU) to manage the fund because the recipient country's system is deemed to be corrupt and untrustworthy. For example, OECD (2007) shows that there is an average of 61 donor-established PIU per country parallel to recipient country structures. Donors' orientation to narrow objectives, coupled with tight fiduciary control, drives their planning to focus mainly on achieving defined outputs. This planning often occurs with donor vertical programmes. Rarely has the planning of donor projects or programmes covered broader issues related to the narrowly defined outputs (Boston *et al.* 1996; Kettl 1997).

This focus can make managers more narrowly focussed and does not enable them to pay attention to (let alone align, plan and harmonise budgets with) things happening in other departments or ministries. For example, donor planning for health programmes seldom deals significantly with other sectors such as education or rural livelihood.

Most NGOs and other aid projects use this kind of management, with the NGOs or project managers often on a contract with their donor governments to deliver outputs. In theory, and in good practice over the short term, this means accountability is strengthened because there is transparency around the services or goods provided; an open bidding process specifies the outputs, their prices and when and where they are to be delivered. But critics have noted other effects that over the longer term can reduce important forms of accountability.

First of all, there is the question of to whom the project is accountable. Often the main accountability is to the donor, who might not even have an office in the country. Oversight of such projects by the recipient countries is very difficult because there are so many of them going on at any one time. Even when the projects have established "partnership" relationships with government ministries, the effect on the ministry of having many different projects can be destructive. In practice, ministry work is divided into many little PIU within projects, linked to or even outside the ministry. Ministry staff themselves become contractors to the NGO or other donor programmes and are accountable to that donor for outputs, for which they receive salary supplements. These programmes (sometimes called "vertical programmes") can extend from Phnom Penh directly to the local level, cutting out sub-national government, or making sub-national public servants and even the governor contractors for the centre (e.g. Health Sector Support Project, 2002–07). In such a process, the ability of a ministry or department to plan and strategise, and have its staff focus accountably on generating wider strategic change, can be reduced as day-to-day activities of the ministry are crowded out by multiple donor activities.

Short-term contracting can also change relationships, reducing wider accountabilities. Public servants and service delivery contractors become attuned to thinking about where their next contract will come from, and can treat their day-to-day job as simply a launching pad to a career of contracting with NGOs. In practice, some contractors also learn how to work the system, using informal networks to get around formal competitive bidding. In this way, what appears as a transparent process can act as a cover for neo-patrimonial practices. What was meant to simplify accountability has in many cases made it more complex and fragmented (Craig and Porter 2006). Exploring such relationships between donor programmes and other reforms and neo-patrimonial practice is an important theme in this paper.

Other critical perspectives note that donors' approaches can have a highly distorting effect on a government's practices (Brautigam 2000; Moss *et al.* 2005). They can remove or distort budgetary constraints, so that instead of a good budget process, in which the government uses policy to set priorities, the budget simply becomes a list of donor projects, with no policy driving priorities. It can also remove incentives for the government to collect taxes s pay for services and, as a result, if there is a failure in the services due to lack of money or weak government systems, the government can claim helplessness and look even further to donors to meet the shortfall. This reduces the primary accountability of the elected government too; ministers know they will not be held accountable for the quality of the services they deliver, and concentrate on building loyalty among voters by other means such as giving gifts and creating clients (for an overview of thwnliterature, see Moss *et al.* 2005).

Because of these widely known problems, the OECD in 2005 began a programme promoting harmonisation and alignment of donor programmes with government goals, known as the Paris Declaration. Under the banner of "aid effectiveness", a global programme has been established, aiming to reduce fragmentation and the numbers of PIU and to make donor programmes and projects more accountable to government leadership and strategy. It also seeks to integrate programmes into the budgls more, and reform the budget to reflect more fully the real levels of donor support. In Cambodia's case, the work is being led by the Council for the Development of Cambodia (CDC). An initial assessment of the aid effectiveness in Cambodia can be found in Royal Government of Cambodia (2007), and an overview of the results of the overall efforts toward achieving the Paris Declaration is available in OECD (2007).

Chapter 3

Overview of Central and Sub-National Planning in Cambodia

3.1. OVERVIEW OF NATIONAL PLANNING

3.1.1. The Big Context: Cambodia's Dual Planning and Budgeting System

The major factor shaping national and sub-national planning is Cambodia's "dual" planning and budgeting system, which divides capital or development spending (dominated by donors and their procedures) from recurrent spending (where government routines are more significant). In theory, planning should bridge the two sides and enable sub-national government to influence central allocations and shape service delivery. In practice this is almost impossible, because central government and donor controls on both sides of the budget and the lack of links between capital and recurrent budget marginalise sub-national planning, making it residual and enfeebled.[16] The recurrent budget covers spending such as payrolls and O&M, while the development budget is based on development projects or programmes, most of which have been negotiated between government and donors. The recurrent and development budgets are distinguished not only in sources of financing, but also in budget formulation and execution. The recurrent budget is formulated in terms of budget line chapters, including payroll as Chapter 10, O&M as Chapter 11 and social intervention as Chapter 30 (commonly referred to as chapter money). Development budgets are formulated and executed in the form of individual donor vertical programmes or projects within specific sectors. The development budget is reflected in the PIP, in which many development projects are listed by sector. How all this works in terms of planning and accountability is discussed in the following pages and chapters.

3.1.2. Planning for Development or Service Delivery:[17] History, PIP and NSDP

In Cambodia, development planning has long been an exercise of the central government (Gottesman 2003; Charny 2000). The centrally managed planning system continued after the economic liberalisation of the late 1980s, but with variations and contradictions (*ibid.*).[18] But Toda (2001: 2) notes, "Despite the adoption of central planning in the early 1980s, the degree of central planning and policy implementation in Cambodia had been effectively limited as national institutions were weak". While into the mid-1990s provincial administration relied on integrated action involving all levels of government to maintain security, in which provincial governors were axial and exercised some allocative discretion, Toda is still correct in saying that in terms of today's scope of governance, there was no

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[16]   The effect of the dual planning and budgeting system on public expenditure management of Cambodia's current sub-national government can be found in Pak and Craig 2007. See also Bartholomew and Betley (2004) for a discussion of accountability and other effects of centralised controls on local planning, funding and allocation arrangements.

[17]   Planning for recurrent spending is simple and not a focus of this paper.

[18]   During the Vietnamese occupation of 1980 to 1989, the Cambodian planning system followed the system used by the Soviet Union, Vietnam and eastern Europe. The economy often functioned differently than the official policy stated. For example, there was tolerance of private commerce when the official state economic policy was supporting collectivisation (Gottesman 2003: 349; Charny 2000: 387).

official "regional or provincial planning system prior to 2003" (p. 3). In most sectors, lower government simply followed the guidelines prepared by the centre.

The move in the late 1980s from a centrally planned to a market economy was the first change that impacted planning. With the adoption of a free market, "the Ministry of Planning, the main arbiter of strategy and investment in the socialist system lost its role; planning became 'indicative' rather than 'imperative' and budgets were given directly to the sectoral departments" (Dermaine 1998: 8). The first national plan was formulated in 1997 with the assistance of the Asian Development Bank. It was the Socio-Economic Development Plan (SEDP) 1996–2000 and was accompanied by the three-year rolling PIP 1996–98 (*ibid.*, p. 8). The second SEDP followed for 2001 to 2005. The national plan is now called the National Strategic Development Plan (NSDP) 2006–10. The PIP is formulated every year to consolidate and update the priority list of projects and is used by the government to mobilise resources from external development partners.[19]

For all its shortcomings, the PIP is the plan most obviously linked to the budget, so we will consider it first. The PIP is coordinated by four main central agencies: the Ministry of Planning (MoP), Ministry of Economy and Finance (MEF), Supreme National Economic Council and CDC. Its processes run from January to December each year. The four coordinating agencies and line ministries begin by conducting a public expenditure review of planning and implementation of the previous year. Next, the line ministries update their sectoral policy matrixes and formulate new projects for the forthcoming PIP. The process is as follows:

Each year in June, the MEF and MoP request the line ministries and other government institutions to prepare their PIP based on the project performance of the previous year.

The ministry or institution prepares its PIP in compliance with the terms and conditions set forth in the annual inter-ministerial circular prepared between the MEF and the MoP in consultation with the CDC. The PIP was based on the five-year NSDP beginning in 2006[20] (in earlier years, it was based on the SEDP). As discussed below, the NSDP is an amalgam of government policies, macroeconomic indicators and the development goals agreed between the government and development agencies. Longer term master plans developed by some autonomous agencies might also be taken into consideration in the preparation of the PIP. At this stage, the absorptive capacity and ability of the government to handle development assistance is also taken into account.

In July, the line ministry or institution finalises its planned projects and submits them to the MoP. The MEF, at the same time, sends to the MoP the budget package and the evaluation of the macroeconomic situation of the country.

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[19]   External development partners are bilateral, regional, multilateral and international organisations and NGOs providing assistance to Cambodia.

[20]   In reality, what the MoP does is more like a "compilation" because the MoP does not have the authority to decide the development budget (key informant interview, staff of the Department of Budget of MEF; staff of Department of Public Investment of MoP—July 2006, June 2007).

From August to September, the MoP reviews, evaluates and classifies ministry priorities. The prioritisation happens with great variations depending on the sector. To understand this, one needs to understand the sources of funding for the PIP. More than two-thirds of the entire PIP funding comes from external aid. Each donor agency has its own country assistance strategy, which defines its views on how best to assist Cambodia in a particular sector.

The decisions about which sectors or issues deserve investment are largely determined by the donor agencies in cooperation with the government.[21] For many ministries, there are strong incentives not to put a wider policy framework in place, but to be flexible and enlarge the number of PIP projects, hoping that some will be funded by donors.[22] In such cases, there is little realistic prioritisation by the ministry involved; whatever the donors happen to be offering can quickly be elevated to a priority—there is no regularised, criteria-based prioritisation. But in ministries where it is known that long-term reliable donor funding is available, there are incentives for substantive policies. A ministry that has in place its sector policy (such as education and health) could give these higher priority in its PIP and feel somewhat more confident that the funding will be available. Here, the existence of the policy permits donors to align their support to the sector more effectively. This means the ministry concerned is less inclined to prepare its PIP as a "fishing hook". When it comes to project feasibility study and design, the ministry and its provincial departments can have more influence on prioritisation, such as advising donor projects to focus on certain geographical areas.

In the next step after the review and prioritisation, the MoP prepares the PIP and convenes an inter-ministerial meeting to discuss the various ministries' requirements and to revise and amend the draft. It then submits the revised PIP to the Council of Ministers for review and adoption. This normally takes place in October. At the same time, the MoP submits a copy of the PIP to the MEF for budget planning and incorporating into the draft Law on Annual Financial Management.

Following the adoption of the PIP by the Council of Ministers, the CDC uses the PIP as a basis to appeal and mobilise aid resources, including from bilateral, multilateral and NGO sources. This activity is carried out through the Cambodia Development Cooperation Forum, formerly known as the Consultative Group, in order to gain support for the identified project activities in the PIP. It is the responsibility of the CDC to inform the MEF of donor pledges following the forum meeting.

Finally, the National Assembly and Senate adopt the Law on Annual Financial Management, which includes the PIP as a component. The timeframe of the entire process is summarised in Table 3.

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[21] Before the existence of the NSDP, which was said to be established with good coordination between donors and government, the assistance strategies of donor agencies carried substantial overlap because there was no common development plan from the government. With the NSDP in place, it is expected that coordination will improve.

[22] This is evident in the annual PIP document showing many projects "in the pipeline", meaning that funding is still being sought.

Table 3. PIP Preparation Process

Time	Process	Main Output and Ministry Responsible
Jan-Mar	Review of previous planning and implementation period.	Public expenditure review: Responsible agencies: MoP, MEF, line ministries and others
Mar-May	Line ministries update sectoral policy matrixes and formulate new projects. Size of PIP and sectoral ceiling set for each ministry according to macroeconomic framerark and policy priorities.	Sectoral ceilings - Tentative sectoral ceilings set - Responsible agency: PIP steering committee
Jun-Jul	Line ministries prioritise and select project proposals for submission to MoP.	Proposal submission - Completed project info sheet - Responsible agency: MoP
Jul-Aug	MoP collates and enters all project data into PIP database and assesses.	Data input and appraisal - Project info sheet - Responsible agency: MoP
Aug	MoP prioritises project in line with policy.	Prioritisatibn of projects - Selection criteria, sectoral ceilings - Responsible agency: MoP
Sep	Draft PIP produced and presented to inter-ministerial meeting.	Draft PIP - Select for next year's budget, MoP
Sep-Oct	Draft PIP amended and PIP for next year's budget submitted to MEF.	Budget inclusion (1 year PIP) - Draft PIP submitted to MEF - Responsible agency: MoP
Nov	Council of Ministers approves budget and PIP.	PIP approval - Next year's PIP and budget approved - Responsible agency: Council of Ministers
Dec	NA approves PIP together with next year's budget document.	Final PIP - NA approval

Source: Department of Public Investment, MoP

In theory, then, the PIP provides opportunities for the alignment of budgets with aid and development planning. But in reality, as a tool for managing development budgets and foreign aid, the PIP has been ineffective, because it has very limited discretion over the allocation of funding on either domestic or donor sides. While it "compiles" the development and capital budgets, it has very little control over them.

The control lies elsewhere. On the domestic financing side, allocation for capital expenditure is supposed to be done through Chapter 50. In practice, Chapter 50 has not been allocated to line ministries as a source of development funds, but is instead kept under the Investment Department of the MEF, and its use requires the approval of the prime minister's office (Pak and Craig 2007). Although it is a formal high-level national development fund to finance large capital investment, it is informally known as the prime minister's fund.[23] It is a manifestation of centralised control of a key development fund and potentially induces

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[23]   Informant interviews 2005, 2006 and 2007.

strong vertical accountability to the prime minister's office. As such, it is subject to quite narrow allocative power: the centre can potentially direct this fund with extraordinary discretion to wherever and whomever, all under the legitimating auspices of Chapter 50. To the extent that this is true, the expenditure of this fund will bypass the wider planning process. Clearly, here, accountability is drawn to the centre.

On the foreign aid side, PIP coverage is limited because it does not capture the off-budget financing by donors, both in the sense that funds are not reflected in government budgets and that funds are not disbursed through the government's treasury system. Thus, as a tool for creating donor accountability to Cambodian government priorities, it has limited reach. Several pieces of evidence justify such concern: it is noted that there are projects that are initiated mid-year and therefore not shown in the PIP; a recent aid harmonisation report indicates a wide difference in the number of ongoing projects in each year (RGC 2007). In 2003, for instance, the harmonisation report showed 550 ongoing projects, but only 79 projects were recorded in the PIP document for that year, indicating the limited coverage of the PIP, serious problems in its reliability and shortcomings in the wider sharing of information between government and donors (RGC 2007; MOP 2002).

The NSDP, on the other hand, looks like a reasonably good framework to guide policy decisions and budget allocations to reduce poverty. This is related to its role in shaping donor priorities and potentially aligning them with those of the government. In the NSDP, all the sectors of government in which donors invest are involved, within an overall prioritisation ostensibly based on pro-poor outcomes, including those of the Rectangular Strategy and the Millennium Development Goals. The challenge for the NSDP and its predecessors, however, has always lain in the implementation, which has been characterised by under-funding and lack of coordination. The 2006 poverty assessment described the severe constraints that include "the limited financial and human resources ... and institutional and process arrangements which are not always best suited for the tasks they are assigned" and the weak coordination of planning and alignment of budgets across government agencies (World Bank 2006: 159). Beyond this, the dual nature of planning and budgeting produces a weak connection between recurrent funding planning and development planning, especially in the area of O&M. For example, many infrastructure projects are built with development funds, yet after construction there is no adequate recurrent funding for O&M, creating a situation well known across Cambodia, in which infrastructure built a few years ago is now in a dilapidated condition (see MoP 2002 for more examples).

There has not been an effective government response to these constraints, making the NSDP more of a venue for development planning rhetoric than a strategic policy document (World Bank 2006; Hyun 2006: 25–26). For example, a key institutional requirement for the realisation of goals and priorities set out in the NSDP is that "Ministries and agencies work together efficiently to implement and refine the NSDP as a cross-government strategy" (World Bank 2006: 161), which includes the ability of central ministries and agencies to have the NSDP priorities in their sectors understood and implemented by their sub-national institutions in a coordinated manner. Our findings indicate that such a scenario is rare. Certainly from a ministry or especially a sub-national government point of view, the NSDP is not a planning tool that can be routinely accessed to shape funding allocations, or even to hold donors strongly accountable for programme design. This is substantiated by the many cases of sub-national government officials referring to the NSDP as their guiding priorities when they do their planning but being unable to articulate its contents.

A number of broad reforms, including PFM, public administrative reform (PAR) and D&D, are being pushed forward in an attempt to deal with the lack of coordination, the absence of linkage between budget and plan etc. In particular, the D&D reform, including

the drafting of the organic law, attempts to set the legal framework for a less centralised, more coordinated(Rervice delivery in order to promote sub-national accountability (RGC 2005; Rohdewohld & Porter 2006). However, the D&D reform and the organic law, as well as PFM and PAR, are as much political as technical, and thus far they have not moved significantly past the political process.

3.1.3. Harmonised and Semi-integrated Donor Planning

Some of the most significant centralised planning in Cambodia is done by donors, especially where they are working in vertical programmes within ministries and where, as in health and to a lesser extent education, there are various "sector-wide" approaches that allocate resources to priority areas. For example, the Health Sector Support Programme (HSSP) is the result of a long dialogue between multiple donors—the World Bank, ADB, DFID and UNFPA, among others. It has involved considerable discussion and work around prioritisation, and the division of support between different donors, sub-sectors and levels of government.

Health Sector-Wide Management and Planning in Cambodia[24]

The Ministry of Health (MoH) chose the term Sector-Wide Management (SWiM) after initial feedback from donors indicated only limited support for joint funding arrangements. SWiM, nevertheless, shares the general principles of the Sector-Wide Approach (SWAp) as it emerged in the 1990s. Unlike the SWAp in education, however, there is no written code of conduct or memorandum between SWiM partners.

The following definition of sector-wide approaches is widely accepted and seen as reasonable; it is also used by the government (including for the SWAp in education):

"All significant funding for the sector supports a single sector policy and expenditure programme, under government leadership, adopting common approaches across sectors, and progressing towards relying on government procedures to disburse and account for all funds."

Planning in the health sector involves preparing annual operational plans (AOPs). In Cambodia's health sector, AOPs stand at the core of the decentralised planning system in which the MoH reviews all sub-national AOPs to produce a sectoral AOP based on priorities identified by the joint annual performance review. AOPs link operational planning to the strategic goals in the Health Sector Plan 2003–2007. Yet, despite progress on the AOPs, there is still major work to be done to align health sector planning instruments with central budgeting. At present, links between the MoH and the MEF, in particular on the PFM reform programme, need to be strengthened.

Alongside and within the more harmonised sectors, there are many particular (often called "vertical") programmes funded by donors, which are usually somewhat integrated into routine central departmental planning, and which have important implications for the sub-national levels at which they are often implemented or executed. Vertical programmes typically address a particular problem, such as malaria or HIV or maternal and child health or, in some cases, a whole sector. They are subject to strong internal planning and accountability systems, especially in operations planning, finance arrangements and human

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[24]   MoH's Mid Term Review, HSSP, 2007, Terminology Section, Executive Summary, point 22, and page 19.

resource allocations (salary supplements etc). Both within central ministries and at sub-national level, these programmes are often by far the best funded, attracting the best staff, having the most immediate impact and dominating day-to-day activities. Whether the vertical programmes focus on a particular problem or a whole sector, the extent of their integration into wider planning and prioritising (i.e. beyond the programme or sector), and their alignment with mainstream budgets such as O&M and recurrent salaries is often frail (see, for example, MoH 2007) regarding the frail integration and alignment in health).

Again, both more harmonised and vertical programmes are cases in which centrally located actors work through processes within which government planning tends to be either dominated by donors, or they are highly attuned to and dependent on donor resources for their particular programmes and projects (RGC 2007). Within the framework of a vertical programme like HSSP, however, planning can be quite extensive, albeit within vertically integrated frames that have little or nothing to do with other district or province planning aside from the contracted operational districts (ODs) of the health sector. Operational districts are not geographically aligned with the district government: the health system operates within its own boundaries and has districts often much larger than normal districts. In many ODs, the entire management has been allocated to an international NGO, contracted through open bidding, which will typically instigate detailed planning specific to the needs of the OD: human resources, clinical and public health services, operation of finances and trust funds to support poorer constituents. While this planning refers to the district, and thus might be regarded as part of sub-national planning, it is, in fact, often strongly controlled from Phnom Penh by the HSSP secretariat of the MoH and the head offices of the NGOs doing the overall contracting.

Because the HSSP planning bypasses the provincial health department's planning process by dealing directly with the contracted OD, provincial Health Department planning often has a highly marginal role, simply informing the central ministry through various formally required reports. The case of Mr Da (box) illustrates the point.

Provincial Department's Plan Marginalised

Mr Da is a planner for the provincial Health Department (PHD) in a province where a vertical programme of HSSP has teen operating. His everyday work shows the disconnection between the PHD plan that he prepares and the plans of the contracted OD supported by HSSP.

Mr Da is technically competent. For example, he prepares the annual operational plan for the PHD and sends it up to the ministry according to the prescribed formality; all is done by computer programme. He is also an exemplar of the weakening of the PHD's plan and staff when it is largely bypassed by the better resourced contracted ODs. Because he is based in the PHD office and not part of the contracted OD, he is underemployed and receives no salary supplement. Mr. Da resorts to other activities to make his living, selling medicines and injecting IV fluids to patients in the area around his house. He sometime does these outside activities during work hours. In his words, "I need to do some outside work to support myself because my salary is too low, unlike those who get to work with the [HSSP] project. My director understands my situation; therefore he sometimes allows us to do outside activities during work hours.")

When we asked, "Why don't you apply to work for the project?", he laughed, saying he did not have the *ksae* (contacts).

The case, though not representative, points out some critical issues affecting sub-national planning: the planning and the planner are there, doing a compiling job. But they and the planning system are caught up in mere formal compliance, with little funding (more on this in Chapter 4). The case also shows that the PHD plan is marginalised because it can not coordinate the plans of contracted ODs and is thus poorly resourced. This results in exacerbation of the problem of staff taking formal working hours to do private business.

3.1.4. Neo-Patrimonial 'Planning': 'The Plan Is on My Lips'

These central planning modes are obvious cases in which centralised control (from both government and donors) strongly shapes sub-national possibilities and accountability. What are undoubtedly as important in terms of centralised control are the informal planning (or resource allocation) decisions made routinely by central actors without regard for formal planning processes.

This may not look like planning. In fact, it is a form of "anti-planning" that is central to planning and accountability outcomes. This sort of planning can be equated with a Khmer saying that perfectly expresses Cambodian neo-patrimonialism: "The law (or in this case the plan) is on my lips" (Pak *et al.* 2007). As we will describe in a case in chapter 5, it can happen where a single central political figure or a governor decides to allocate rights over a resource (a canal, for example) without involving the formal planning or other regulatory authorities. It can and regularly does happen that various economic and other concessions are offered to particular interests, again often on the personal discretion of senior figures within a ministry or the government, and without consultation with other ministries.

For example, economic concessions can be given by the ministries responsible for mining or agriculture to companies or other private interests for commercial projects in areas otherwise covered by the Forestry Administration's mandate (Independent Forest Sector Review 2004). The Forestry Administration is currently not allowed to offer forest concessions over this land; however, other ministries are not so constrained regarding economic concessions over the same land, meaning that the land becomes classified as a "conversion area" (Independent Forest Sector Review 2004: 16; Supreme National Economic Council 2007). These concessions might themselves involve some kind of business plan, typically one not well linked to wider resource management or sustainability and accountability. However, it is not uncommon for such concessions to lapse well before the agreed time, but not before existing forest resources have been removed and sold by the concessionaires.

In other countries, the advent of provincial one-stop shops for investors has also meant a loss of planning control, or the emergence of *de facto* neo-patrimonial planning on the run by those with the ability to grant investment concessions, and with them the rights to a range of natural resources (see, for example, Vietnam Law and Legal Forum 2006).

Many of these decisions are arrived at by powerful central (or centrally linked provincial) figures. Again, in such circumstances, there is often little formal linkage to budgets and planning, for example around environmental constraints. But again, in Cambodia it is essential to understand these processes in which powerful people are able to act unilaterally in relation to formal planning and the accountability it is able to generate. Can planning really create accountability that would stop powerful figures allocating rights by informal means and connections?

Finally, there are many plans formulated daily in Cambodia that are donor- and project-specific. Every NGO in the country forms such plans, all of which allocate resources in ways that will have an impact on the resources, contrns and contexts of sub-national

government. Notoriously, these plans and their resources remain both off budget and at best tenuously linked to any provincial or central planning, as we will show in Chapter 5. The most plausible links here are often to commune plans via the district integration workshop (DIW), described below. But even there, as we will see, the links and accountability are not strong. Likewise, as this paper and its counterparts show,[25] while the impact and presence of these plans are felt at sub-national level, for the most part they remain dominated by central (or even another country's) NGO or donor processes and accountabilities (more on this in Chapter 4 and 5; also see Pak and Craig 2007 and Eng *et al.* 2007).

3.2. CAMBODIA'S SUB-NATIONAL PLANNING[26]

3.2.1. Current Provincial Administration

Administratively, the current provincial system is not an integrated entity. In this paper, although the term "province" is used to refer to a tier of government, it is not intended to mean that provinces are integrated. What is in place now is a concentration of a s*ala khet* and more than 20 line departments, plus police and military agencies. As a matter of rules, the governor is supposed to coordinate among these ministries. In practice, as discussed later in the paper, the governor's ability to enforce horizontal coordination between departments has been very limited for a variety of reasons to be discussed in the next two chapters. This is particularly the case as far as service delivery departments are concerned.[27] Line departments often consider themselves as having a mother and father. They said, "To us as line departments, we have a mother and a father; the mother is our ministry, and our father is the governor. We need to respect them both" (key informants from Takeo, Siem Reap, Kratie, 2005). However, in reality, it seems that they respect the "mother" more, simply because it is the mother who gives them the money. Adherence to vertical authority is the case for both the *sala khet* and line departments.

It is important to understand the historical evolution of central-sub-national financial relations (as they relate to planning and spending) because it sheds light on some of the current characteristics of sub-national planning and budgeting. Prior to the first post-peace accord election in 1993, the overall government system was poorly controlled because the central government had low capacity, and provincial governors had a relatively free hand in managing their own affairs. Such power was given to the provithial governors out of necessity to maintain rural security while the central government was still fighting the Khmer Rouge. Without such power and resources, it would have been very difficult for the provincial authorities to fend off the Khmer Rouge.

The first post-election public finance law in the early 1990s imposed (at least formally) a strong central fiscal discipline by the MEF on the taxing and spending powers of governors. Partially to appease the governors for the creation of a more unified central budget, the

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[25]   Papers by Pak and Craig 2007 and Eng *et al.* 2007, which are prepared concurrently with this paper as part of a research project on accountability and sub-national governance in Cambodia.

[26]   The focus is on planning for development funding to deliver services, not on recurrent spending.

[27]   Anecdotal evidence suggests that governors' influence is higher in the police, military, forestry and fisheries.

sala khet was created to give them a pot of money they had more control over.[28] This rearranging of the taxing and spending powers of provincial governors weakened provincial administration (although the province has remained a strong security apparatus). Provincial planning has since then had little meaning because major resources are controlled and managed centrally. During this period, as mentioned earlier, the role of the Ministry of Planning was also substantially reduced compared to the rising power of the Ministry of Economy and Finance. Rearrangement of public financial management after the 1993 election caused the budgetary and financial management system to develop separately from the planning system, and these two systems were under the control of different institutional and political interests. When the rearrangement took place, the MEF, which controlled budgetary and financial management, was under FUNCINPEC, and the MoP was under the Cambodian People's Party (CPP). Although these two ministries are now both under the CPP, the disconnection between budgeting and planning remains.

Informally, however, the interactions among key provincial and central actors are observed to be very active and close. Informally a connection between planning and budget could be established quite quickly and efficiently (details in the following chapters). By "informal", this paper means any relationships other than those based on each person's formal bureaucratic position. Within this meaning, there are two aspects of informal relationships: political and personal. Field observations indicate that although horizontal coordination between a governor and a director of education might be limited in terms of the governor-director relationship, they may be very close as personal friends or party members, and as a result, informal accountability is observed between them even though formal accountability does not seem to exist. Interviews indicate that virtually all the key officials—governors, deputy governors, department directors, deputy directors, office chiefs including the chief of finance, policy chief and military officers—are members of the ruling CPP. Through this affiliation, the governor, who is usually the head of the CPP's provincial office, manages to maintain interactions with other ministries through monthly party meetings. It was also said that these meetings strictly require the attendance of all key officials. As a result of their having known one another for so long (often more than 10 years), they are personally very close; some have established kinship through the marriage of their children. It is common to observe that two individuals holding official government positions use their political connection or personal friendship to ensure that a request for government services receives preferential treatment. Informally, provincial governors with strong central political connections may be able to obtain more resources for their provinces (Bartholomew and Betley 2004). These relations, then, are crucial to everyday realities and the accountability of planning. As in "The plan is on my lips", this can be seen as a kind of anti-planning, based on and invoking an alternative form of accountability.

The line between the party and the state is unclear in the minds of key officials who were interviewed. Eight out of 10 key officials interviewed, as listed above, have been working in their provinces for 10 years or longer. In addition, all the high officials interviewed for this study have been long-time CPP members. It is also estimated by key informants across the sample provinces that more than 85 per cent of ordinary bureaucrats are CPP members, at least by registration. In such a situation, the line between party and state administration is very blurred, as reflected in the words of a deputy director in Siem Reap in 2005: "It is

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[28]   This arrangement was also driven by political considerations. FUNCINPEC, which then controlled the MEF, saw it as in its interest to reduce the power of provincial governors and provincial administration more broadly because they were strong backers of the Cambodian People's Party, FUNCINPEC's main political rival. It was argued that weakening the provincial governors and the administration would give FUNCINPEC a more level playing field on which to influence sub-national affairs.

now a democratic era, and in that era, everyone needs to be in one or another party. I am in the CPP and I have been here for a long time, since the '80s … It is no difference to me whether what I do is for the party or for the government; the two are the same because both the party and the government work for the people".

Strength of Formal and Informal Relationships
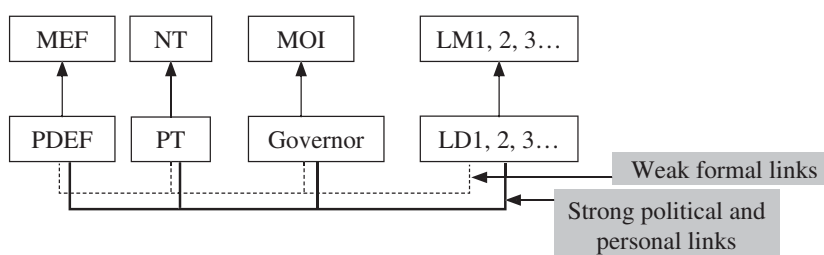
NT: National Treasury; PT: Provincial Treasury

3.2.2. Introducing the Many Types of Provincial Plan

To better understand the characteristics of provincial planning, it is useful to consider how many plans a provincial department deals with annually and for what purposes. Generally, a department has numerous plans to cope with: one set for the parent ministry in Phnom Penh, another for the *sala khet,* a different plan for the SEILA programme and various other plans from international and local NGOs or donors.

There are two levels of sub-national plan: the province plan and the commune plan. There are provincial department plans (including that of the governor's office, which is in charge of overall provincial administration) and province-wide plans. Provincial plans include the five-year provincial development plan and the three-year rolling provincial development investment programme. The development of PDP and PDIP was supported by SEILA in the mid-1990s (Charny 2000). All line departments and the *sala khet* prepare their own separate five-year development plan and three-year rolling investment plan. With the facilitation of the provincial Planning Department, the governor's office consolidates the five-year development plans of all line departments to create a province-wide PDP. The governor's office also consolidates the three-year rolling investment plan of all line departments, creating a province-wide PDIP. The PDP is prepared and updated every five years and the PDIP is updated annually. Both categorise the investment projects by line departments.

What is critical here is that both the PDP and PDIP are essentially a compilation of plans without a clear link to a dependable source of funding with which to implement those plans (Charny 2000). The funds to carry out these investment projects come mainly fromouhe SEILA programme (more details below) and from donors. Even though SEILA provided support to the annual elaboration of the PDP, it was unable to make the PDP meaningful because the PDP lacked "connection to the allocation of national resources through the PIP" (Charny 2000: 389). This is because there is a cascade of problems with government-sourced development funds. Because they are centrally controlled, there are serious issues of availability, adequacy, predictability, transparency and reliability (see Chapter 4 for details). Many departments develop annual investment projects without any reliable and predictable sources of funding from the government, which leaves these projects, by and large, unfunded. While the PDP and PDIP are comprehensive and include statements of development visions and goals, and various development challenges and strategies with

some sectoral statistical data, there is often no linkage between the investment projects and the budgets of the various departments. Therefore, to understand the weaknesses of provincial planning, one needs to look at what provincial planning *cannot* coordinate.

For example, in 2003, the Kratie provincial Department of Agriculture, Forestry and Fisheries (PDAFF) secured only 1.52 per cent of the funds needed to implement its annual investment projects (Kratie PDAFF, PDIP, 2003-2005: 1). There was no mention in the PDIP of how the PDAFF would seek to obtain the remainder of the required funds. Similarly, the five-year investment projects of the Banteay Meanchey Department of Rural Development received roughly 35 per cent of requested funding, 32 percent of which came from an ADB-funded project (BMC, PDRD, 2006-2010). The department's five-year investment projects were left with sources of 65 per cent of funding unknown. A thorough reading of the PDP of any province provides many examples of the lack of coordination between the plans of the different departments. For example, in Takeo's 2006–10 PDP, there was no mention of linkage between the investment plans of the Health Department and the Women's Affairs Department or the Education Department on such issues as reproductive health, reproductive rights and the promotion of gender equity (SEILA 2006).

There is a huge mismatch between the required funds and the available funds in the PDIP, which when available comes almost entirely from externally financed projects. More crucially, coordination between the plans and funds of different departments within a province is almost non-existent. This, in turn, has significant implications for horizontal accountability, which is integral to achieving broad development goals such as the prevention of HIV/AIDS infection, increasing school enrolment rates among poor children and gender equity. Such goals can be realised and sustained only when the relevant people work together to plan and prioritise activities and commit joint resources to finance them. For this, there needs to be an effective horizontal accountability mechanism. The current provincial planning process is weak in creating such accountability.

Overall, the PDP, PDIP, governor's office planning and provincial departmental planning are all systematically disempowered and, thus, unable to advance accountability. Key contributing factors include the following (details of which are elaborated in the next chapters):

- *vertical* centralisation of allocation functions and central control of key budget processes, meaning that there is a lack of real links and accountabilitvebetween plan and funding, and that the central level controls development funds while the sub-national level receives only the recurrent funds for salaries and administrative expenses (not for major O&M) with small annual incremental increases;
- systemic disempowering of provincial *horizontal* accountability or coordination, again by centralisation, but also by donor fragmentation.

3.2.3. Reforms in Sub-National Planning and Accountability

A variety of reforms to sub-national planning have been instigated to overcome some of the constraints on provincial planning. The reforms include the SEILA programme, donor vertical programmes and sector-specific measures. The discussion starts with reforms that SEILA made to sub-national planning, particularly in relation to accountability. Cambodian sub-national planning is greatly influenced by SEILA because it was the first reform programme that attempted to deal with relationships such as primary accountability, intergovernmental accountability and horizontal accountability. This chapter describes the SEILA system and its reforms. Its impact on accountability is discussed in Chapter 5.

Sub-national planning and accountability are also impacted by harmonised donor planning, donor vertical programmes and NGO projects. Again, while we will not go into more detail here, the main reason to discuss donor vertical programmes is to show the overriding strength of vertical, sectoral programmes that either largely bypass sub-national entities or overrule horizontal coordination attempted by the SEILA programme. The same can be said for NGO projects. Cases to be discussed later in this paper include the HSSP and the varied lines of accountability created by the presence of many NGO projects within a province. Chapter 5 provides detailed analysis.

SEILA

Programme Overview and Accountability

The SEILA programme (now run by the National Committee for the Management of the Decentralisation and Deconcentration Reform [NCDD]) developed from north-western provincial beginnings into a nationwide experiment to alleviate poverty through decentralised governance, including decentralised planning and financing. SEILA (a Khmer word meaning foundation stone) was founded in cooperation with the donors within the framework of the government's first five-year development plan, 1996–2000, (RGC 2000).

Beginning as a relief and resettlement programme in the four north-western provinces in 1992, the programme grew into Cambodia's major decentralisation initiative, becoming, by its official end in 2006, a donor-framed, government-sanctioned and nationally implemented institution for mobilising, coordinating, managing and channelling donor and government funds to provide local services through decentralised institutional arrangements, including decentralised planning, programming and budgeting (Porter & Smoke, 2006). After 2006, it was reconfigured under the direction of the NCDD, and its programme integrated further into government mainstream institutions.

Table 4: The Original SEILA 11-Step and Revised Local Planning Processes

Original 11 Steps
Step 1: Identify problems/needs at commune/sangkat level
Step 2: Meeting with villagers
Step 3: Meeting to identify problems and needs in commune
Step 4: Identify investment objectives and strategies
Step 5: Identify projects for investment
Step 6: Revenue forecast for investment programme
Step 7: Prepare table of priority investment projects
Step 8: Dinvrict integration workshop
Step 9: Finalisation of the commune investment programme
Step 10: Formulation of commune investment plan book
Step 11: Approve the commune investment programme

Revised 5 Steps of Commune Investment Programme
Step 1: Revisit problems/needs with villagers
Step 2: Prepare commune investment projects
Step 3: District integration workshop
Step 4: Approve commune investment programme
Step 5: Monitor and evaluate commune investment programme

Throughout its life, the programme engaged in provincial, district and commune planning, in a range of ways. SEILA made a series of important contributions to sub-national planning, including the local planning process (focussed on the commune and involving participatory development and investment planning, and supported by the CSF), the district integration workshop, the PIF and the recently initiated district investment fund. Table 4 describes the previous 11-step planning process and the newly revised five-step process for the commune council.

The processes represent substantial devheopments in planning, especially in the commune, where prior to their establishment, neither formal planning nor regular fund transfers existed.

Clearly, the LPP, CSF, PIF, DIW and DIF directly impacted on sub-national primary, horizontal and intergovernmental accountability. Figure 5 shows the three main types of accountability that the SEILA programme attempted to promote. The main structure and actors include the provincial Rural Development Committee (PRDC) and its executive committee (ExCom), which together oversee the management and operation of local development, and the donor-funded Partnership for Local Governance (PLG), which provides technical advice to the ExCom.

Figure 5: Accountability Relationships Promoted by SEILA
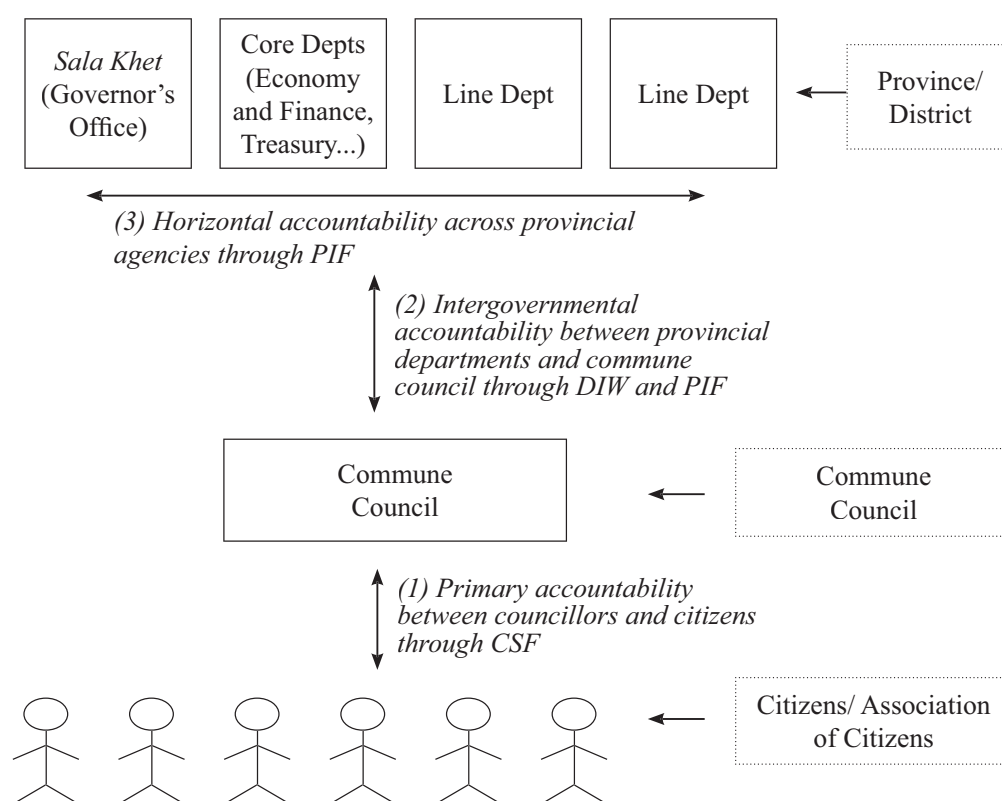
Specifically, the programme's accountability was achieved through the adoption of various NPM, local participatory planning and PFM techniques. Its accounting system is computerised, and financial transactions are handled by a commercial bank so that funds can be efficiently disbursed and tracked. A commune and provincial database is housed at the provincial Department of Planning to record and update all information related to investment projects, against which the results can be tracked and measured annually. Competitive bidding and contracts for projects are also important to promoting accountability. Other pro-accountability elements of the programme include the elaborate engineering and price structure, which ensures the technical qualification of the projects and prevents overpricing in procurement. Moreover, contract implementation is regularly monitored and evaluated so that future execution can be refined. One or two major studies a year are conducted on various parts of the programme. Also significant for accountability is the use of competitive recruitment and hiring, especially the salary supplement to give qualified provincial and district staff incentives to perform.[29] The successful implementation of projects is also made possible from the constant technical support and advice of the PLG-funded skilled advisors, who are now mostly Cambodian.

All in all, SEILA promoted primary, intergovernmental and horizontal accountability based on NPM arrangements using managerial discretion, output focus, contracts, competitive recruitment and salary supplement incentives.[30] The accountability of commune planning focusses strongly on output in that the council commits its CSF to respond to locally identified priorities, while the necessary technical support comes from the SEILA programme. This output-oriented accountability is, as numerous reports have shown, not perfect, but is probably the best current example of the success of such measures in Cambodia (Eng *et al.* 2005; Rudengren and Ojendal 2002). We expect that in the long run one of the most important benefits will be the standardisation of these procedures and capabilities across the whole country. Every province, district and commune is now familiar with them, so results are comparable, and officials can now all speak in similar terms. Compared to the fragmented results of multiple other projects, this is a substantial achievement. These achievements, and related limitations, will be discussed further in Chapter 5.

3.3. SUMMARY

The strengths and weaknesses of the substantial reforms to sub-national planning represented by SEILA/NCDD and some aspects of donor harmonisation efforts will be discussed in detail in the next chapters. In the meantime, we can note that the SEILA reforms, in particular, have gone a certain distance towards achieving a number of things lacking elsewhere in sub-national planning: a more substantive link to funds; some degree of engagement with horizontal and vertical agency and government links; strong contractual accountability via transparent contracting and fiduciary processes; some downwards accountability via participatory planning. However, there remain significant areas to be strengthened, and, as we will see, areas where these reforms have struggled to overcome the broader orientations of mainstream government, donor vertical programmes and the effects of neo-patrimonial relationships on planning and accountability.

Overall, commune, district and provincial planning still has relatively little reach into higher level plans and funds and little horizontal power to force agencies to work together, either through the CSF, or through the DIW/PIF/DIF. Despite the very particular types of accountability strengthened by elements of the SEILA/NCDD programme, this lack of reach in many ways reflects the weakness of all types of sub-national accountability.

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29 The programme staff include those of the four units of the ExCom: finance unit, contract administration unit, technical support unit and local administration unit.

30 See Pak et al., 2007 for more on NPM and accountability implications.

Chapter 4

Provincial Planning, Centralisation, Neo-Patrimonialism and Accountability

Chapter 4

Provincial Planning, Centralisation, Neo-Patrimonialism and Accountability

This chapter analyses the ability of provincial planning to promote accountability under current arrangements. It will show that the governance features of centralised control of development funds,[31] lack of a legal framework and strong vertical hierarchy disempower provincial planning and weaken horizontal accountability.

4.1. PROVINCIAL PLANNING IS SYSTEMICALLY DISEMPOWERED

Provincial planning is disempowered because of Cambodia's dual planning and budgeting and the absence of clear roles of sub-national government, and also because of the extent of informal and political practices operating outside (but also to an extent within) mainstream funding and planning arrangements. Before discussing centralised control of development funds and networks of *ksae* and *khnang*, let us briefly recap issues related to the dual planning and budgeting system and lack of clear roles of sub-national government.

As described in Chapter 3, in the dual planning and budgeting system, plans for recurrent spending are prepared separately from capital or development budgets. The recurrent budget covers spending such as payroll and O&M. The development budget, for major projects or programmes, depends on the availability of aid. Development funds are used to implement programmes or projects listed in the PIP. This separation explains the lack of real links between the plan and central and sub-national funding. This limits the ability of provincial governors and departments to shape either service delivery or related transfers and accountabilities (Pak and Craig 2007; Bartholomew and Betley 2004).

The roles, functions and responsibilities of sub-national government in governance and poverty reduction are not clearly defined, creating an uncertain institutional responsibility for shared service delivery. The commune has very few devolved substantive responsibilities beyond security and basic infrastructure maintenance, which in the latter case is scarcely funded in a reliable way, notwithstanding the CSF arrangements. The functioning of the commune council is governed by the 2001 Law on the Administration and Management of Communes, where its accountability requirement is vaguely prescribed as ensuring the general welfare of citizens. There is no law defining the roles and responsibilities of the governor's office; however, it is commonly understood to be charged with maintaining security and overall development within the province. The roles of provincial departments and their deconcentrated district offices are understood to be implementing the plans and priorities set out by the central ministries; they are, therefore, accountable to those ministries. But they are also commonly believed to be responsible for supporting commune councils, and therefore assume accountability towards the councils as well.[32]

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[31]   Funding here is used to refer to funds that are adequate, predictable, transparent and reliable.

[32]   The organic law is currently being drafted and is expected to define the roles and functions of province and district governments (and their urban peers) and their roles in supporting commune councils.

In the context that sub-national government depends almost entirely on mescal transfers from the centre, the ability of provincial departments to be held accountable to the central government for its performance relies on two critical conditions (Pak and Craig 2007). The first is the degree to which the transfer is adequate, timely, predictable, transparent and reliable. The implications for accountability when these conditions are lacking are highlighted later in this chapter. The second factor is the extent to which the departments are given an appropriate authority to managibthe spending. Without these two conditions, it would not be possible, or even relevant, to raise issues of accountability (*ibid.*).

Under the current public expenditure management arrangements, the spending of recurrent and development funds is subject to strict central control. The funds that come down to provincial departments are mainly recurrent funds, known as Chapter 10 (payroll), Chapter 11 (administrative) and Chapter 30 (social intervention). The MEF and/or the Council of Ministers apply strict control and demand compliance in the spending of these chapter funds (Pak and Craig 2007). Similarly, development funding belongs to the central agencies, in that it is recorded in the books of the ministry and that its use has to be authorised by the ministry. In short, provincial departments do not have their own development funds. Such centralised control creates a tremendous problem for provincial planning and accountability. The following quotes reflect how centralisation is felt at the provincial level (see Eng *et al.* 2007 for more); detailed analysis of the implications is given below.

> *"I feel like a scarecrow watching over my province, but I cannot act if I see a cow destroying the crop. This is because the central interest is stronger."*

> *"We have to ask for permission from the centre even when we want to make noodles."*

> *"Every move we make must be first approved by the centre."*

> *"A provincial department does not have any authority to recruit its own staff; that is the responsibility of the ministry. The department is responsible for making an annual staff request for its own needs to the ministry and then waiting for the result. If we cannot get the requested staff this year, we can only keep waiting. We can not do any more than that."*

> *"I am tired from carrying the request to hire contract and floating staff to my ministry. I spent two or three days to coordinate and take the request to Phnom Penh. The approval takes a long time—about a year. Moreover, the ministry always cuts the number; for example, last year I submitted a request for 20 contract staff, but only 10 were approved. I am tired of going through this process. However, I keep doing it because I find that contract staff are helpful for my department."*

> *"We work hard to prepare our plan for new staff recruitment. Our plan gets approved and recruitment takes place. We are happy to receive new staff; however, it usually turns out that all the new recruits are for Phnom Penh offices and that the persons rarely turn up to provincial offices. We are the victims of this process."*

The following details the impacts of the centralisation of funding control, lack of a legal framework and strong vertical hierarchy on provincial planning and horizontal accountability.

Provincial departments prepare their development plan for the central ministries without clear knowledge of accessible development funds, which are centrally controlled and not integrated with the ministry's PIP, all of which weakens vertical accountability between the ministry and its provincial departments.

A provincial department typically needs to prepare a development plan to submit to its ministry in Phnom Penh. At the beginning of the government's new term (every five years), the department prepares both the five-year development plan and the three-year rolling investment plan to submit to the ministry. The department prepares and submits only the rolling plan in the following years.

First, we discuss the lack of integration between the department's plan (including the sala khet*) and the ministry's PIP, and how that impacts vertical accountability.* The provincial department plan, since it is not formulated with any predictable development budget, is simply a "wish list", done incrementally, and with no consultation with other departments and no reference to recurrent O&M funds. The province-based revenue sources are very narrow, leaving the provincial administration almost entirely dependent on transfers from the centre (Bartholomew and Betley 2004). The lack of horizontal consultatf n during planning is manifested in the fact that the directors of all departments meet only at the monthly meeting held in the governor's office. The meeting is not an effective forum for coordination, because afterwards everyone goes back to doing things in their own way.

Our research in four provinces found little horizontal consultation between closely linked departments, such as Agriculture and Water Resources or Rural Development.[33] The degree to which the proposed department activities and budget are funded by the central ministry depends on whether the central ministry includes those activities in its PIP proposal. A local saying describes the plan as a "fishing hook"—hoping that the ministry or donors will bite.

Essentially, the only time a provincial department can plan the expansion of its service delivery is when the ministry decides to do a project there, this usually being dependent on donor funds becoming available. However, the department's plan is rarely integrated with the PIP priorities of the ministry. For example, our field interview (July 2006) with an informant working for the Department of Planning of the Ministry of Agriculture in Phnom Penh suggested that the development plans of the provincial departments were not reflected in the PIP of the ministry. The informant added that the PIP that the ministry itself proposed often did not receive enough funding.

For example, in 2003 the Ministry of Agriculture proposed 18 main PIP projects totalling roughly USD32.5 million, of which only one, the Agricultural Productivity Improvement Project (1999–2004), received funding (from the World Bank, International Fund for Agricultural Development and government counterpart funds) in the amount of nearly USD9 million, or about 28 per cent of the total requested funding in that year. The rest were unfunded and marked "under negotiation-high priority" (RGC 2002, p. 1-3). In 2005, the Ministry of Agriculture proposed 21 PIP projects amounting to around USD22.5 million, none of which were funded (RGC, 2004, p.1-3).

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[33]   Interviews were with the governor's office and five departments: Agriculture, Rural Development, Health, Public Works and Transport and Planning.

Figure 6: Central-Provincial Planning and Vertical Accountability

Ministry of Interior	Ministry of Economy and Finance	Line Ministry	Line Ministry
Sala Khet (Governor's Office)	Core Depts (Economy and Finance, Treasury...)	Line Dept	Line Dept

(4) Vertical accountability to national government via province development plan

Province/District
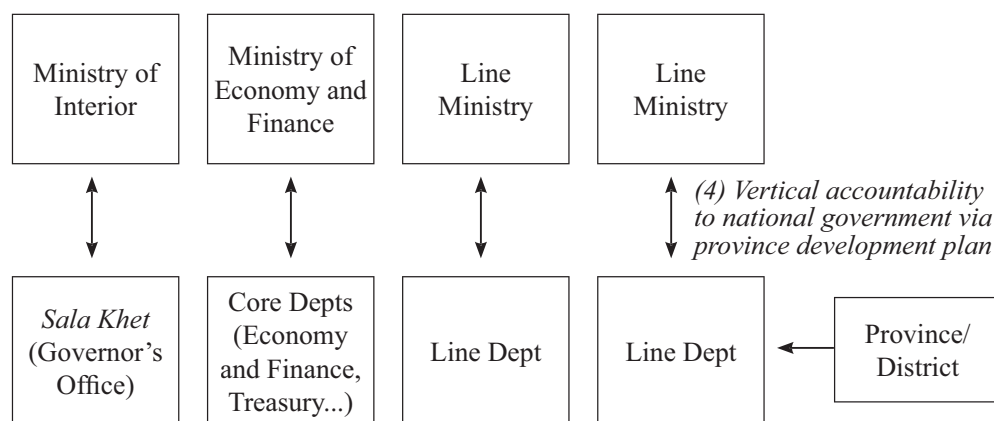
Thus, there seem to be a number of factors explaining why the department's plan is rarely funded: first, the PDIP is disjointed from the PIP (Charny 2000); second, the PIP itself rarely receives sufficient funding; third, when funding is available, it is mainly from donors, with small counterpart funding from the government for donor-initiated projects that the ministry proposes in its PIP.[34] It is easy to see the department's unfunded plan becoming ineffective for promoting vertical accountability between the provincial department and its ministry.

As defined in Chapter 2, vertical accountability means that the provincial administration is responsive and accountable to the ministry for the manner in which it exercises its delegated duties. Here, the main duty of the provincial administration is to develop its province.[35] How can the department be accountable to the ministry when its own development plan is not even integrated into the ministry's PIP, which is perhaps the main source of development funding? Clearly, without resources it is not even relevant to talk about accountability of the governor and provincial departments (Bartholomew and Betley 2004).

Second, the centralisation of development funding control also weakens the ability of a department plan to promote vertical accountability. As mentioned earlier, centralisation even extends into the implementation of development projects, when there is funding. Centrally based officials come to the province to execute the projects, while the role of the provincial department is secondary and mainly as a "facilitator" or "assistant". This practice in effect makes the preparation of a provincial department development plan almost irrelevant. During our field research, key informants made the following comments:[36]

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[34]   These reasons are the same as those that cause the PDIP, of which the department's plan forms a part, to go unfunded.

[35]   However, there is no law that formally defines specific duties and responsibilities of the provincial administration. The common statement from the governor's office and other departments simply refers vaguely to "development". The organic law is being drafted to spell out clearly the roles of sub-national agencies.

[36]   Findings in Kratie, Takeo, Banteay Meanchey and Siem Reap across four line departments suggested the same scenario.

"In terms of project implementation, we [PDAFF] are not even like a contractor for our parent ministry in Phnom Penh, because a contractor at least gets to do its own budgeting. We only do planning; yet, there is little money coming from Phnom Penh to allow us to execute our plan in any structured manner. The reason is that the ministry does not have a lot of funds, so only a little can come to us. We simply make ourselves available to work on any project that comes down from the centre" (Interview, Kompong Chhnang, February 2007).

"We [Department of Agriculture] don't understand why we don't get development funds from our parent ministry. Even with the reform of the Priority Action Programme,[37] the Chapter 13 funds are still held and decided by the central level. Why can't the PAP in agriculture be like in health, where the provincial Health Department can access the money first and then report to the ministry later? We want the same thing here; otherwise we are only planning for planning's sake" (Interview, Kratie, September 2005).[38]

The fact that the provincial departments formulate their plans without reliable information about how much development funding they will be entitled to carries important implications for vertical accountability. Given that where, how and when to spend development funds are decided at the centre and the implementation is run by the centrally based staff, how could the province be held to account? As the above quotes point out, the provincial staff would at best be facilitators or assistants to the central team when there are service delivery activities to work on. Surprisingly, provincial staff are grateful when they are allowed to take the role of facilitator or assistant. An informant working in the Ministry of Water Resources put this in the following terms:

"You are lucky if the central team involves you in the implementation of the project in any capacity. You should be grateful because then you can make some money from the project. Keep in mind that you also need the right connections to be involved. Not every provincial department staff member can be involved" (Interview, June 2007).

In other cases, our findings indicate that when the department is allocated a certain amount of money to implement projects, a significant portion tends to be siphoned off along the way before it reaches the implementation. Those involved include people at the centre and the department's own people. Yet the record of the expenditure of that money must always show 100 per cent of the original allocation. Without adequate funds, the quality of the investment is seriously compromised. In the case of rural road rehabilitation, the substandard quality is obvious to the people because the money is not enough to renovate the road to the length announced, and potholes appear everywhere after a few big rainfalls. The following case story about a rural road construction project in one of our researched provinces highlights how a project's funds can be eaten up at each level, the effect this has on the quality of construction and how vertical accountability is weakened as a result.

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[37]   The PAP is known as Chapter 13 in the government budget. For details on PAP, see Pak and Craig 2007.

[38]   This statement was corroborated by an interview with an official in the Department of Planning of the MAFF at the central level, who confirmed that provincial departments do not get PAP (i.e. Chapter 13) (Interview, July 2006).

Mr San Vichet is the head of the finance unit of a Department of Rural Development. Our research team was lucky to meet him because he is said to be incredibly busy. Because he is in charge of managing department finances, he usually makes eight trips per year to Phnom Penh to see his ministry and the MEF to obtain money or submit paperwork. He requested that our interview be brief. Wasting no time, we asked him what happened to his department's development plan.

He responded that he prepares his development plan every year, in fact many plans: one for his own ministry; one for the governor's office; one for SEILA; and another for a five-year project funded by a big donor agency. We were interested to learn about the development plan he prepared for the ministry, and asked what the funding response was. He replied, "We have a lot of activities in our plan, but there is no money. The government and my ministry have limited funds and thus cannot give us all we want". Having understood the dual planning and budgeting system of the country, we were keen to learn if activities in the development plan sent to the ministry had ever been funded. Mr Vichet replied, "Of course, once in a while we got some funding for our activities. In fact, last year our department was allocated 100 million riels specifically to renovate five kilometres of laterite road at the outskirts of the provincial town". We inquired about its location and learned that we had just driven on the road on our way to see him.

The condition of the road was quite bad; potholes were everywhere. Knowing that the road was rehabilitated just last year, we could not understand how its condition had deteriorated so quickly. We asked Mr Vichet for an explanation. Hesitating slightly, he answered, "You see, this road is heavily used. Everyone drives on it, from bicycles to iron buffaloes to large, heavy transport vans. The road was not built to accommodate that volume of traffic". Just then, his phone rang; the department director wanted to see him. Having to leave, he invited us to continue the interview with some of his staff.

We then met Mr Chea, an official in charge of planning. He explained to us in more detail how his department prepared a variety of plans. We then inquired about the funding of 100 million riels his department received last year. We wanted to double check the reasons for the road's rapid deterioration. Mr Chea was surprisingly open. He told us that although the official figure was 100 million riels, in reality the money that went into the construction was much less. He further explained that the funds were eaten up at each level. In his words, the process went like this:

> *"At the centre, we have to share some of this funding, maybe around 20 per cent, with people from our ministry and the MEF to facilitate the withdrawal of the funds from the Treasury. To spend this money in the province, we had to share again with people at the provincial Treasury and the provincial Department of Economy and Finance. The rate depends on whether we are part of their ksae and khnang: if we are, then we pay only a little; if not, we may need to pay a bit more. In our expenses, we provided for a sub-set of funds to accommodate the so-called "supervisory visit" from the ministry staff. It's like a good son [department] taking care of the parents [central staff]. We've got to provide a good hotel, good meals and some entertainment. Although*

> *the money available to work on the road was less, we got good marks on our performance from the supervisory team."*
>
> We also learned from interviews in other provinces that such complaints by a department and its staff did not mean that they did not benefit. We pursued this with Mr Chea. He indirectly advised us with a Khmer phrase: "Don't you wonder; normally no one keeps their own rice pot empty".
>
> We were quite surprised to have been told this. We then asked how all the lost money in the expense report would be accounted for. He simply replied, "We've got to show 100 per cent". It became clear that he was not keen to go into detail about how this was done. We switched to ask about the O&M funds that would be needed to maintain that road. He said that in the plan they also included maintenance, but that they rarely got funding for that. "We were lucky just to have money to renovate the road", he concluded.

The story of Mr Vichet and Mr Chea is evidence, although not intended to be representative, of the weakness of the department's development plan. Even though the plan was connected to some available funds, it was subject to skimming by various interests both centrally and provincially, including sometimes the department's officials. At the end, only a small amount was left for the work, while everyone within the *ksae* and *khnang* network got a share of the skimmed funds. Given this reality, the provincial department could not fulfil its vertical accountability to the central ministry; it would mean nothing since they are all part of the same neo-patrimonial system.

Judged by immediate service delivery results, the fact that the provincial department could not be vertically accountable to the ministry is not especially relevant, because the ministry still could get some service delivery going through its own projects, made possible by donor support. Nonetheless, the short-term service delivery accountability of the ministry promoted by donor projects could not be sustained in the long term because the approach used to gain such short-term accountability mainly involves either one-off payments for infrastructure that is not linked to O&M (see the SEILA discussion in the next chapter) or other temporary institutions such as project implementation units and salary supplements. The formal institutions of government, such as provincial agencies, were either bypassed or not adequately engaged and strengthened. This gave birth to a popular saying within government institutions dealing with donor projects: "Donors are like people who come to rent government places to work; they pay the agreed rent[39] and do the work with their own procedures. When they finish the project, they go back and leave us the cars, computers and other office equipment".[40]

Provincially, horizontal accountability is nearly non-existent because (i) provincial departments prepare development plans for the governor's office simply to fulfil formal requirements because it is known that the *sala khet* has no development funds for their plans because the money is managed centrally, and (ii) there is poor coordination between

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[39]   Refers to the amount the donor project gives to government counterparts to spend at their discretion.

[40]   Key informant interview with official from the MEF, June 2007.

department plans due to the absence of a legal framework and the strong hierarchy of the departments under the ministry.

As mentioned in Chapter 3, aside from the plan for the ministry, all provincial departments are required to prepare a set of plans for the *sala khet.* The five-year plans of all departments prepared at the outset of the government's new term are consolidated into five-year provincial development plans, and their three-year rolling plans are combined into a three-year rolling provincial development investment programme. More broadly, there is a cascade of problems in relation to the PDP and PDIP and their ability to enhance horizontal accountability.

Figure 7: Provincial Planning and Horizontal Accountability

Horizontal accountability across provincial agencies through PDP and PDIP
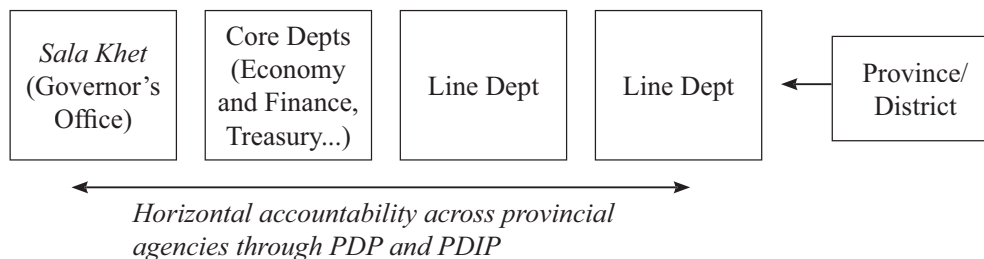
First, the PDIP is not attached to any reliable fund, so it is prepared without hard funding constraints, which, in turn, fosters "wish list" or "fishing" planning. Yet, the larger issue here is that the PDIP reaches into the planning of functions that have not been formally assigned to the province.[41] Biddulph (2006: 14) noted the unclear role of the province despite the fact that the provincial administration has been engaged in various ways with most development projects:

> *"Relatively neglected by all other actors in the field of public administration and governance in Cambodia was the role of the province. Development programmes were typically executed through some sort of provincial arrangement, but programmes tended to focus on their own immediate needs rather than the larger institutional and human resource questions around what provincial administrations could or should do."*

Beyond maintaining security and developing provincial towns, the role of the *sala khet* in provincial development generally, and in planning coordination in particular, is largely undefined. For instance, any careful reading of the PDP or PDIP of any province would show that there is no cross-reference of activities between provincial departments. Each department focusses solely on its own work. As described above, the only time the directors of all provincial departments meet is at the monthly meeting held at the governor's office.

Currently there is no legal framework that sets out clearly how horizontal coordination should be approached provincially. Yet, the institutional and political history suggests the existence of strong vertical hierarchy of the provincial department towards the ministry.

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41   Similarly, a commune's local planning process is presumed to plan commune council expenditure assignments that have not been made in formal "law", but only in "project law", that is, the regulations specific to the SEILA programme.

This practice creates further burdens on the effort to improve horizontal coordination. Hughes and Conway (2004: 36–37) point out the consequences of the weak integration of state institutions:

> *"One consequence of the subordination of formal structures to informal networks is that state institutions in Cambodia are often rather weakly integrated. This is most obviously true with regard to horizontal integration at any given level: there is, as in most state systems, little coordination between sectoral ministries, making 'joined-up' policy-making hard. However, it is true also with regard to vertical integration (in terms of how different levels of a line ministry do or do not relate to each other). It is striking that much of what officials say and how they say it implies that institutional identity and interests are defined on a very localised scale. Poor communications and a reluctance of subordinate elements in a hierarchy to speak up to higher elements are both contributory factors and symptoms of this inability of line structures to coalesce around commitment to sectoral objectives and policies. Both ministries and provinges will talk of their relationship with 'the government', implying that they see themselves as, at some level, distinct from the government; staff in provincial line departments, meanwhile, will talk of their parent ministries in a similar manner ('we report to the Ministry of Health')."*

The organic law, whose main concepts became available recently, is expected to clarify how sub-national state institutions are to be integrated and what the relations between central and sub-national institutions will be like, although at this time it is not certain when the law will be adopted.

In terms of public expenditure arrangements, development spending is dictated and controlled by the central government. The *sala khet* has little own funding to support the activities of provincial departments. Without funds from the *sala khet*, some departments prepare their development plan simply by including the administrative and operational activities and not bothering to consider development activities. A director of the Department of Planning in one province who has close knowledge of the preparation of the PDIP made the following comment:

> *"Plans of various departments submitted to Department of Planning [to be consolidated into the PDIP] only describe administrative and operational activities (Chapters 10, 11 and 31) and mention nothing related to development activities. That's because of the lack of development funds. As a result, people do not pay attention to formulating a good development plan" (Interview, December 2005).*

Another senior official of the Department of Planning in another province indicated that some provincial line departments do not pay serious attention to preparing the plan for the governor's office because they know that the plan will not receive any funding. He said:

> *"Some line departments do not care about formulating a plan for the governor's office. They are more interested in preparing the plans[42] for their ministry, especially health and agriculture, because they could get some money from those plans" (Interview, September 2005).*

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[42]   It should be noted that "plans" this official referred to were not the formal development plan that the department needs to submit to its ministry, but the "project" plans funded mainly by donors.

One planning department director summed up the whole PDIP affair in one sentence: "Planning runs after the money; people do not run after planning". In such an environment, accountability has been found to be weak. Bartholomew and Betley (2004: v), in their study of provincial budget operations, give this assessment:

> *"For effective accountability, clear lines of responsibilities must be established and maintained. The unclear expenditure responsibilities at the provincial/municipality level (both Sala Khet/Krong and the province-level national budgets), combined with dual subordination (double reporting lines) for budget management, undermine accountability for outcomes ... At the same time, unclear expenditure responsibilities and dual subordination undermine accountability to the local population [because they have no clear ideas who has responsibility to deliver services]."*

Second, in the event that there are funds to implement the PDIP,[43] the source of that funding would most likely be donor projects, and the funds are unlikely to be sufficient to implement the entire PDIP. For example, the PDIP 2005–07 of Kratie province shows that the Department of Water Resources would need a total of roughly USD2 million for its three-year investment programme (SEILA 2005). Yet only USD944,000, roughly 47 per cent of the total amount, was available, and all of that came from donor sources: 91.5 per cent from the World Bank, 7.0 per cent from the Japan International Cooperation Agency and 1.5 per cent from SEILA. Moreover, the available funding was only for activities (mostly canal rehabilitation) in 2005; the activities of 2006 and 2007 were all without clear funding sources (the activities from year to year were rehabilitation of different canals). The planned activities and funding for 2006 and 2007 could be said to be a list of wishes made available for possible funding.

Third, because the current governance system exudes neo-patrimonial characteristics, meaning that informal networks co-exist within the formal bureaucratic system, the available funds that come to the province, when they do, are rather unpredictable, non-transparent and unlikely to be the full amount. This is because, again, development funds are centrally managed, and disbursement to the provincial departments may require kickbacks to both central and sub-national *ksae* and *khnang* networks, and very likely, a piece of the action also to the department's officials. At the same time, everything is kept legitimate in accordance with the formal bureaucratic requirements (e.g. spending records, evaluation of road quality). Therefore, the neo-patrimonial networks of *ksae* and *khnang* can seriously keep the plan separated from funds even when funds are available, and they do this under the disguise of rules-based procedures.

Funding Issues with Important Implications for Provincial Planning

- *Sufficiency*: Are funds adequate to implement the plan effectively?
- *Predictability*: Is it known when the funds will arrive during the year?
- *Transparency*: Is it known how much the funding is?
- *Reliability*: Does the amount that is known to be available actually arrive?

Fourth, even if the funding is predictable and known in advance, the PDIP still needs a "reliable" amount, which means that the sum that is said to be coming actually arrives. Again, because the funding assignment is with the ministry, the reliability of the funding is known only to the ministry. The provincial departments or the governor's office is unlikely to be able

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[43] This is likely only in cases where the PDIP includes activities that are in line with the PIP activities of the ministries that are funded by external aid. In such cases, the province would simply be facilitating or assisting the central team.

to check the reliability because they do not have any formal role in the expenditure of development funds.

For example, the development projects planned by provincial department may receive approval that is late by a matter a few years. Our findings from the four provinces confirmed that this is rather common. The implication is that the funds do not match the extent of the need by the time the funds are disbursed. An informant working for a department of Public Works and Transport stated:

> *"Because the approval of the plan and funding arrived two years late, the road that earlier required minor repair now needs major rehabilitation, and because the funding requested was for minor repair it is not sufficient for large-scale rehabilitation. We could only fix a limited portion of the road or we could ask our ministry for a compromise to use this money on something else that requires a similar amount"* *(Interview, September 2005).*

Lastly, even if a PDP or PDIP had been coordinated across provincial departments, each department may still be unable to implement its part effectively due to issues of sufficiency, predictability, transparency and reliability surrounding the development funds. Not surprisingly, this means that the evaluation of previous years' plans against anticipated outcomes is not a powerful or relevant process; thus, the cycle of undermined plans continues.

The implication for accountability of these problems is simple: without linkage to development funds and effective coordination among provincial departments, the PDP and PDIP are systemically disempowered as meaningful instruments for achieving horizontal accountability. On the contrary, the absence of linkage perhaps fosters and reinforces vertical accountability towards the central ministry, which might represent the only chance for the department's plan to obtain some funding, thereby reinforcing the existing "look upward" tendency.

4.2. SUMMARY AND IMPLICATIONS FOR THE D&D REFORM

All in all, the absence of horizontal coordination among provincial departments further undercuts the potential to promote horizontal accountability of planning. Such horizontal coordination is presently not required by any formal regulation but the need for it is fuelled by the strongly hierarchical vertical structure of the ministries and the broader fragmentation in donor and NGO support. The vertical culture, because it serves very well the interests of neo-patrimonial networks, becomes highly reform resistant (despite the reform efforts, see Chapter 5).[44] Achieving better harmonisation and alignment among donors and NGOs is not an easy undertaking (RGC 2007). In the immediate future, then, it is not unreasonable to expect the lack of effective horizontal coordination among provincial departments to continue.

Therefore, looking ahead in the context of D&D, any reform needs to address the probleal of centralised control of funds, the hierarchical and territorial culture of sectors and the fragmentation of external aid, all of which are influenced, reinforced and protected by neo-patrimonial networks. What issues the D&D reform needs to deal with, given the current neo-patrimonial governance system, will be discussed in Chapter 6.

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[44]   For a more detailed analysis of why neo-patrimonial networks in Cambodia have been well served by the vertical structure of governance, see Pak *et al.* 2007.

Chapter 5

Reforms in Sub-National Planning, Neo-Patrimonialism and Accountability

Chapter 5

Reforms in Sub-National Planning, Neo-Patrimonialism and Accountability

T his chapter analyses the ability of numerous reforms to strengthen sub-national planning. Together these reforms have in various ways set out to overcome some of the constraints identified in Chapter 4 and to promote primary, intergovernmental and horizontal accountability. The chapter will also illustrate the unfavourable impacts of the proliferation of donor/NGO projects on sub-national planning and accountability, especially where their implementation continues without effective coordination. The chapter also highlights the effects of neo-patrimonial influence on reforms. Overall, this chapter points out that the reforms in sub-national planning and accountability have had their limits and that they have been further weakened by neo-patrimonialism.

The reforms to be discussed include SEILA, now run by the NCDD. Cambodian sub-national planning is greatly influenced by SEILA, the only reform that attempted to deal with many sub-national accountability relationships in a wider set of parameters that included achieving national scale for its systems, durable institutionalisation (in laws etc), alignment with funds, local participation and donor harmonisation. The discussion shows that, despite some progress concerning accountability, the planning and related mechanisms of SEILA/NCDD remain unable to reach to higher level plans and funding or to limit the influence of neo-patrimonialism.

This chapter also considers certain donor vertical programmes in specific sectors (e.g. health and education) that have also impacted on sub-national planning and accountability, although typically in a few restricted ways. This is because the programmes often work in a vertical arrangement with a particular ministry and have quite narrow, short-term and quantifiable goals.[45] Thus the accountability these programmes intend to promote is quite narrowly focussed and short term. The main reason to discuss donor vertical programmes is to show the overriding strength of vertical, sectoral programmes that either largely bypass sub-national entities or overrule efforts at horizontal coordination like the PRDC/ExCom arrangements.

Sub-national planning and horizontal coordination and accountability are further complicated by the presence of many NGO projects, most of which are carried out outside the domain of formal sub-national planning and in a fragmented manner. There are many NGOs in any particular province. Their work is often uncoordinated. The implementation of projects often involves the staff of various provincial departments as a counterpart, with the aim of building capacity and ownership. In reality, however, the proliferation of these projects has driven provincial department staff to engage in NGO planning, rather than their own planning, and it shifts the accountability of staff away from department work towards NGO projects. The main reason to discuss the proliferation of uncoordinated NGO projects is to show the "crowding out" effects of these projects on provincial departmental planning and accountability.[46]

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[45]   The Health Sector Support Project is an example. See Rohdewohld and Porter 2006 for more.

[46]   This is not to say that the work of NGOs is not valuable, but to highlight some unfavourable long-term impacts if the fragmentation of these projects continues.

The following analysis of reforms is divided into two sections, the first about SEILA and the second about donor vertical programmes and NGO projects. The discussion of SEILA is grouped into two analytic themes. Theme One concerns the positive changes to sub-national planning and accountability that SEILA made, and Theme Two is the limitations of the programme, caused partly by the overriding strengths of the centralised neo-patrimonial interests (which prevented SEILA from reaching into mainstream funds) and partly by the many other distorting relations that the communes deal with day to day. Similarly, the analysis of donor vertical programmes and NGO projects focusses on their unfavourable impacts on sub-national planning and accountability when they are based on a narrow vertical arrangement or implemented in a fragmented manner.

5.1. SEILA: POSITIVE CHANGES AND IMPORTANT CHALLENGES

5.1.1. Theme One: SEILA revitalised sub-national planning, and this promoted primary, intergovernmental and horizontal accountability by making funds available and strengthening or creating the necessary institutions. However, for all their strengths and new contributions, these programmes have yet to attain high levels of coordination.

SEILA instituted a planning and funding transfer process for commune councils and other sub-national agencies in ways that supported longer term institution building.

The focus of the programme from the mid-1990s was on building institutional capacity for local development, especially at commune and province (ExCom) levels. More specifically, SEILA developed and tested systems for transferring money linked to participatory planning, and bolstered accountabilities in technical, contractual and to some extent coordinating aspects for both donors and sub-national government. Numerous features of these experiments ultimately passed into laws and regulations and, crucially, were standardised nationally, creating a national programme of predictable support to all communes using standard methods. The programme's achievements, as one report puts it, were made possible by a wide variety of state at all levels of government and other relevant non-state actors (Landell-Mills & Rudengren, 2006). It adds that SEILA strengthened institutions, built staff capacity, promoted strong monitoring and evaluation to ensure quality, supported policy work and piloted new systems of good governance and accountability. Evaluations of the overall quality of projects it implemented, and of its planning processes, were strong, indicating high satisfactory completion levels and comparatively low leakage of funds (Intech Associates 2001).

While SEILA officially ended in 2006, central components of the system will continue under the direction of the NCDD.

Sub-national planning was mainly shaped by SEILA in the absence of an effective government-owned sub-national planning process.[47] SEILA planning processes have been regarded nationally and internationally as a success (Rudengren and Ojendal 2002; Tracey-White 2002; Hughes 2006),[48] and one long-time analyst of SEILA has credited it with revitalising provincial planning, especially in planning offices (R. Biddulph, personal comment, 2005). Biddulph (2006: 11) argued:

> "… a major impact of the SEILA programme, relating to both commune and provincial investments, is that it has required provincial department heads and provincial headquarters staff, including the governor and his deputies, to sit around the table and debate questions and solve problems together. At a time when much of the existing policy and practice encouraged accountability only along vertical lines (to and from people y o were geographically situated in places where the accountability often became meaningless) SEILA has introduced practices which have developed the habit of provincial dialogue and horizontal accountability, which means that whatever new arrangements are to be introduced[,] they will not be completely foreign to the experience of the officials who are implementing them."

SEILA provided support, through the PRDC ExCom, to the commune planning process through which citizens and the council identify and prioritise needs and investments in a participatory manner. Additionally, the programme was an effective and efficient body to pool major resources of donors and local and international NGOs for local development (Rohdewohld and Porter 2006; Porter and Smoke 2006). The programme laid the necessary foundation for direct fiscal transfer of annual discretionary development (and process support) funds to commune councils, the CSF, and to other sub-national entities, such as the PIF to provincial departments and the DIF to district agencies. It focussed on funding, incentives and systems on the development side of the budget, but also tried to join these to some aspects of ongoing process (including administrative and other support for various levels of local government).

Another strength of SEILA was that it provided appropriate incentives for people at various levels to work (high pay to experienced local and international staff, salary supplements for government-seconded staff). There had been some debate over the desirability of project implementation unit-based technical advisers and salary supplements. On one hand, they performed a vital, perhaps crucial, role in sustaining SEILA reforms. On the other, they led to accusations that SEILA relied too heavily on the kinds of dedicated structures for programme implementation that the 2005 OECD/Development Assistance Committee Paris Declaration declared need to be greatly reduced. However, the reliance on expatriate advisers was significantly reduced in its second phase, as evidenced by that fact that all provincial programme and sector advisers are currently technically competent Khmer staff.[49]

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[47] Existing non-SEILA sub-national planning is by and large seen as "survival" planning, as explained in Chapter 3. See Pak *et al.* 2007.

[48] Evidence of the development outcomes of SEILASEILA has been tangible—bridges, rural roads, wells—yet its impact on poverty has been hard to quantify (Rudengren & Ojendal, cited in Hughes 2006).

[49] The completely Khmer managing and overseeing of provincial programmes didenot mean that the capacity had been built into provincial government institutions. These programme and sector advisers, some of whom were seconded from provincial government institutions, still received competitive remuneration financed by SEILA, which was much higher than that of their peers in the provincial departments.

In broad accountability terms, SEILA operated on an internally strong system of NPM-oriented accountability arrangements combining:

- *Delegation*—clear assignment of functions with clear lines of responsibility among the four units of the ExCom. The functions were performed according to the annual work plan and budget.
- *Finance*—regularised intergovernmental transfers through CSF, PIF (and newly piloted DIF) financing (although currently they remain small).
- *Performance*—competitive, merit-based staff recruitment to get competent staff who were then paid a decent salary (although salary supplementation is a contentious issue for long-term sustainability). The quality of work was supported by a continuous focus on capacity building and on-site advisory backup by provincially based PLG advisers. Local investment choices were informed through participatory planning in which demands were articulated from below. Coordination of resources to maximise response to local needs is made possible through the district integration workshop.
- *Information*—an easily accessible web site that contains information about the programme such as annual progress reports, available vacancies and consulting opportunities, theme-based research reports etc. Also available online is the commune database.
- *Enforceability*—sanctioning of non-performing staff. Contractors who delivered substandard results were barred from future bidding. Shortfalls in implementation systems were continually improved through the commissioning of technical research.

This combination led to the successful sustained implementation of key mechanisms in local government funding (CSF, PIF, DIF) and support related to planning and accountability, which are being institutionalised and seem likely to be maintained in Cambodia's future D&D reform. The CSF, in particular, has also accumulated good lessons upon which future reforms could draw and improve. The fund is transferred to councils via discrete intergovernmental transfer systems. They are explicitly aimed to cut out corrupt middle levels of government and to minimise losses through percentage shaving and informal payments. Practically, the fund allows the directly elected local government—commune councils—to have discretionary resources to finance local development priorities. The LPP/CSF is especially designed to create incentives for accountability and responsiveness, enhancing community voice and the responsiveness of higher levels of government, and allowing demands from below. The primary accountability relationship between the commune council and citizens becomes activated when the council has the resources to respond to locally articulated demands derived through a LPP.

The presence of PIF and DIW, as contended in Chapter 3, has also provided some provincial departments with a predictable and dependable development fund and coordination platform to advance horizontal accountability, and to add components related to training, gender, national resource and environmental management and other development goals. Although weak in coordinating capacity, PIF and DIW have given departments some small resources to plan and carry out activities on their own.

SEILA and its local planning were well able to deal with the funds dedicated to them, to attract considerable other funds from both government and donors and to ensconce many of these transfers in recurrent ways, and within budgets. Yet in the interface between its mechanisms and other levels and sectors of government, and with other vertical donor programmes, SEILA was not able to provide strong enough coordination, largely because it was not able to reach into the centrally managed development funds.

In many ways the CSF and its accompanying transfers and support system represent the most successful modalities operating in the Cambodian planning and budgeting system. Overall, its systems work: priorities meet with wide agreement, money is transferred, projects are built to good quality and on time. Yet although the CSF represents more than 2.5 per cent of the national budget and is supplemented by a range of accompanying transfers from donors in specific areas, its overall provision (less then USD2 per year per person) remains small compared to overall population needs. This implies that more money could be sent to communes by this means. However, communes also need wider coordination and horizontal accountabilities to work, if CSF investments are to be adequately sustained.

In the commune, the council annually identifies its development priorities following the LPP. The CSF available to support these priorities averages USD11,000 per annum, which is clearly inadequate. For example, CSF resources for 2005 were USD20.9 million, roughly USD1.50 per person per year, of which one-third came from external financing (SEILA Task Force 2005). The CSF is just enough to build a few kilometres of laterite road. What is left to fund the long list of priorities identified through the 11-step LPP? During the first term of commune councils, ending in 2007, the CSF was normally exhausted in financing the building or rehabilitation of rural infrastructure (mainly roads, culverts and small irrigation works). Although in theory communes can allocate funding to O&M (and indeed perhaps should, within the scope of the CIP, and particularly for commune roads) the reality is often that the commune LPP does not deal effectively with planning for O&M funding, which isrueeded to provide regular and periodic maintenance of the infrastructure built by this fund. The funds for O&M of many commune investments are managed centrally. Consequently, there is often funding only for capital investment. In the worst situations, failure to invest in O&M can mean that the investment requires complete rehabilitation.

The difficulties linking the LPP or CSF to central O&M funding have important primary accountability implications. In the short term, the CSF may enable a commune council to fulfil its primary accountability because the road prioritised during the LPP is built. But if commune planning can not reach into recurrent O&M funding in the central government in any substantial way, it means that the road is already unusable just three years later and the whole investment is then of zero net worth. Is this not an issue of wider accountability, beyond primary accountability, directly related to central-local relations?

The steps within the 11-step LPP face some related issues. For example, step 6 requires the council to forecast the revenues the commune will have in the next year. An inter-ministerial review and analysis of the LPP guidelines by MoI/MoP revealed that this step is impractical for a number of reasons: the central government seldom announces the CSF budget on time; provincial departments are unable to know how much PIF they can allocate to a particular commune; NGOs similarly can not reveal any dependable figure of resources they can commit to any particular commune when step 6 is taking place.[50]

It should be mentioned that the commune planning and budgeting committee (PBC)[51] is the main actor in the LPP. But the PBC depends heavily on the support of the provincial

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[50] "Summary of findings" produced by various inter-ministerial research teams as part of reviewing and revising the CDP/CIP guidelines, coordinated by Department of Local Administration of the Ministry of the Interior between November 2006 and February 2007. By July 2007, the LPP was officially revised to include only five steps. But people close to the revision claim that key aspects of the previous 11-step LPP remain.

[51] Members include the commune chief, three councillors from different parties, two representatives from the village authority, two to four ordinary male and female citizens and the commune clerk (Mo/MoP 2002).

facilitator team (PFT) and district facilitator team (DFT).[52] The DFT sometimes has to do things for the PBC so that the step can be finished on time. The councillors in Sranal commune in Siem Reap province, reflecting on the difficulty, commented:

"We are not clear about step 4. We don't really know the difference among the concepts of vision, strategy and activities. Sometimes activities seemed like strategy and sometime it's the other way around." (Interview, November 2006).

The DFT member sitting nearby confessed, "That's true, and because the deadline is tight, I am often forced to help write the vision, strategy and activities for the council so that we can finish the step on time" (interview, November 2006) (see Bunly and Dongelmans 2005 for more). This is a serious matter in that the PFT and DFT were set up to provide support, not to do the work. It is difficult to expect the PBC and the commune council more broadly, without adequate capacity (and incentives) to begin with, to be accountable for the results of planning.

Further, the prioritisation of needs via the LPP can be susceptible to a degree of outside interference and bias, thereby compromising its integrity. As one study reported, "In at least two provinces we heard of heads of line departments encouraging facilitators [PFT and DFT] to let cinmunes know about the available options in order that they would include them in their priorities" (Biddulph 2004: 25). A similar scenario was echoed in another study of the LPP in 2005, which stated:

"It was also observed that in some cases high priority needs were added on the instigation of PBC members or donors without being reviewed by villagers during the village meeting. Community officials see themselves as under the direction of higher-level authorities and despite their village focus tend to easily include un-reviewed projects in their priority list if suggested by a higher authority. Then again communes have little funding and are dependent on external support. It should be recognized that this strong dependence on external support without proper review in the village meetings is seriously undermining the local planning process." (Bunly and Dongelmans, 2005: 5)

It is clear, too, that there are instances of collusion between commune chiefs and contractors around what type of project is chosen, who gets the contract and the price and degree of quality control. It may even be that this collusion, supported by wider political and other networking among provincial elites, is to a large extent the norm around the CSF. In the words of one official charged with the national review of these processes, it is normal for commune chiefs to "sense which way the wind is blowing" before any of the 11 steps has begun, which involves taking into account the interests of key networks and other interests outside the commune, and of necessarily pushing any commune processes in that direction (interview, 2007). Villagers' participation, too, has long been noted to be subject to many constraints of culture, elite domination or feelings that the process belongs to others or is a council or chief matter, so that the extent to which the plan can be truly said to be bottom up is a very moot point (Biddulph 1996; Biddulph and Vanna 1997; Biddulph *et al.* 1999; Bunly and Dongelmans 2005; MoI/MoP 2006; MoI and Knowles 2007; Hasselskog 2000; Biddulph 2001; Hollaway *et al.* 2001, 2005).

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[52] The role of the PFT and DFT is to support the commune council. During the LPP, the PFT and DFT are very active. Detailed responsibilities of the PFT and DFT can be found in Rusten *et al.* 2004.

Table 5: Major Issues Uncovered by 2006 Review of LPP

The most recent review of the LPP by the MoI/MoP in 2006 found the following major issues:

C/S data analysis

- The PBCs find it difficult to use the C/S database to identify problems and needs (analytical skill of PBCs is still limited).
- The capacity of most PBCs is still limited, explaining why they can not facilitate well in step 2.
- Participation in the CDP-CIP process is low because people feel few of their needs are met.
- More female villagers participate in meetings, but they offer few ideas.
- Participation of PBC members in planning is inadequate because there is no incentive.

Strategy setting

- PBCs have difficulty in setting up clear visions, goals and strategies.

Project establishment and resource estimation

- Information on the national investment budget is very late.
- It is difficult to estimate project costs, especially service projects.
- In the DIW, commune councils do not have enough time to make a presentation.
- In the DIW, some provincial departments and NGO representatives have no decision-making rights.
- Most projects supported by provincial departments and NGOs are not from the CIP.

CDP/CIP approval

- It takes a long time to wait for provincial review of CDP/CIP.
- In general, PBCs do not disseminate drafts of CDP/CIP to villagers.

Given these problems, the review raised the areas that need to be addressed:

- simplification of planning tools (data, maps) for the PBC;
- increased flexibility to recognise the different characteristics and problems of different communes (timing, support, capacity);
- improving participation and increasing ownership of planning;
- enhancing accountability between villagers and commune councils in the prioritisation of needs;
- greater efficiency by focussing more on increasing activities that are relevant to villagers and coordination between departments;
- reassessment of the 11 planning steps to improve the relevance of planning to local reality (step 6 comes too early; merge steps 5 and 7);
- reasonable expectation of PBC performance by assessing whether the PBC is ready to take on technically complicated functions (data analysis, strategy identification, negotiation);
- a more targeted CDP to improve the realism and relevance of the plan and to promote more useful sectors beside the current five;
- better links between the CDP and CIP to improve the integration between development planning and resource planning to achieve realistic outcomes; and
- monitoring and feedback on the degree to which the planning goals of previous years have been achieved.

Other Wider Planning Considerations of the LPP

The shortcomings related to the LPP led to a kind of local pragmatism and incrementalism around the LPP, which results in some fragmentation and some lack of longer term or recurrent planning and continual resort to one-off projects. As is common in incremental planning elsewhere, without any practical mechanism to forecast the next year's revenues, the council often uses the previous year's figure as the base. Because most local needs have not been met due to the overall lack of funds, and the council has become familiar with the types of investment projects that are likely get the most support, the prioritisation of local needs can be argued to have focussed on projects that will gain support even if, by other needs assessment criteria, they may not be the best options. To some extent, as suggested above, the nature of the technical support available can be said to have contributed to the overwhelming preference for building roads and small infrastructure with CSF; but so too can the fact that, in the words of one village official, "If you make a road, everybody is happy"—contractors, the commune chief, the people. This is even true, it seems, if the road needs to be completely rebuilt after three years because of a lack of maintenance.

This combination of factors has created a situation in which local planning is manipulated (in some cases in a well-intentioned way) to fit with the priorities of outsiders (departments, NGOs, donors, contractors, party networks) and not necessarily of local villagers. In an ocean of needs, any help is better than none, as the local saying goes.

When it comes to dealing with some important cross-commune (public good) development issues such as sharing of irrigation water, the LPP itself embodies few mechanisms to promote such activities.[53] In practice, there seems to be a clear limit to what commune planning can do to address such cross-jurisdictional needs. Arguably, a higher level capacity is needed to provide (and enforce) coordination and scope to local planning. This is especially true in water and irrigation-related projects, an area where CSF projects have struggled both technically and in terms of addressing the wider spill-over effects. The story of Trapeang Trabaek Irrigation in Kompong Chhnang illustrates the point.

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[53]   The paper is not critical of the LPP just because it cannot coordinate or achieve the scope that is required, especially to deal with public good issues such as water, forests, fish and land. It is to highlight the limitation and point to the need to involve higher bodies.

Trapeang Trabaek Irrigation is a medium-scale system covering Kork Banteay and Chrey Bak communes. It gets its water from the Chrey Bak river system, which lies across several provinces. In Kompong Chhnang, the scheme is the last downstream system among half a dozen others. In recent years, it has received less and less water, and several hundred hectares of farmland were left dry and a major portion of crops destroyed. Drought has been a key factor. However, the other major reason has been that several other communes further up the canal system have blocked the water for their own use. There is no water law that defines a process through which irrigation water can be distributed fairly across jurisdictions. The Trapeang Trabaek Farmer Water User Group, a community group charged with overseeing the use of the scheme, has not been able to do much to resolve the problem. The commune council has not been any more effective.

User group members sought help from PDWRM and the district governor, and with their intervention, upstream communes allowed some limited amount of water to flow down. At other times, the group had to collect money from members and use this to sponsor a small party of food and drinks for their upstream peers before some water could be released. All these solutions are sporadic and not institutionalised.

What can decentralised local planning in Chrey Bak commune do to ensure that a fair amount of water flows to Trapeang Trabaek?

The story clearly indicates that although the LPP is participatory and fairly well grounded in the commune, it will struggle to address wider resource allocation and alignment issues, which go beyond the authority of any individual commune. Despite this limitation, the LPP and CSF could be more effective if good horizontal and vertical coordination mechanisms were embedded and supported by the wider institutional setting. For example, vertical coordination of planning and the CSF would mean CSF integration into recurrent budgets, while horizontal coordination might mean several communes pooling their resources to deal with a larger issue, such as the sharing of irrigation water.

Looking ahead, the Trapeang Trabaek case illuminates many critical issues that the D&D reform needs to address through better coordinated and integrated planning and resourcing across communes, districts and provinces. Currently, there exist no mechanisms to coordinate local plans to respond more effectively to this type of problem. In the absence of any effective mechanism to ensure equitable distribution of benefits of public goods like water, a commune like Chrey Bak and its people would be deterred from investing in the maintenance of such a public good, for example, rehabilitating a reservoir to store excess water for use in the dry season. And even if a commune does invest, it is very likely that it will keep the result for its own use.

Finally, the LPP and its associated transfers have limited reach into areas of ongoing local resource allocation crucial to poor people's livelihoods. Focussed on development investments, the programme has not in general supported the kinds of local capacity needed to engage in effective governance of local common property resources heavily relied on by the poor. Building sustainable local resource management capacities like these could have made possible a different kind of relationship between both local councils and the programme and the departments and others who do, one way or another, manage these resources. Pointing to this area is not to criticise existing structures for their failure but to

point to a crucial area of local planning and resource capacity requiring robust horizontal coordination, which the leading local planning and coordination programme has so far not substantively addressed.

Overall, the advances that SEILA made have not been able to be given deeper institutional roots because SEILA planning processes could not reach up to the higher level development and recurrent O&M funds, which are currently centrally managed, nor could they deal with the management of common property resources critical for rural livelihood.

The following questions are raised to highlight key issues that are important for long-term pro-poor accountability, and to which the CSF in its current size is by no means sufficient to respond:

- How accountable is the commune chief to villagers, as opposed to the wider district and provincial hierarchies and networks, or to a political party? How much does the CSF really do to enhance there different accountabilities? Does it bind the commune council more to its local constituents, or to the NGOs or wider political party networks?
- How effective is commune planning in developing contest or negotiation between constituents and councillors or between councillors and private contractors? Or is it all too predictable in its outcomes, not seen as an important primary accountability process?
- Does the commune chief or council hold contractors accountable when they deliver substandard work?[54]
- How effective is the CSF in establishing the horizontal accountability needed to address inter-jurisdictional environmental asset conflicts, for example?

The PIF is small compared to needs and vulnerable to manipulation for neo-patrimonial gain, thus unable to create an effective horizontal and intergovernmental accountability.

SEILA from the late 1990s onwards tried to activate horizontal accountability among provincial departments in support of commune needs through the PIF. The availability of the PIF revitalised provincial planning by making available some funds, and coordinated the planning of province and communes.[55] Such funded and coordinated planning is essential in achieving horizontal accountability. Yet, in reality, as described in Chapter 3, the PIF and its accompanying mechanisms remain insufficient to support horizontal and intergovernmental accountability effectively.

> *"… the assumption of most of the PLG advisers to the SEILA programme is that the Provincial Investment Funds will mainly fund 'software' activities such as training and awareness building, formation and strengthening of user groups etc, and that these activities will complement the hardware that is generally constructed by the local governments with the Commune Sangkat Fund development allocations" (Biddulph 2004: 20)*

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54   A 2007 assessment of the CSF provincial accountability working group revealed that the villagers found it "hopeless [to hold commune councillors accountable] since people reported complaints to CC but they had collusion" (MoI & Knowles 2007: 65).

55   See Biddulph (2006) for a review of SEILA studies related to the PIF.

That said, a good third of money has tended to go to harder infrastructure projects, usually preferred by provincial governors and commune chiefs alike (Biddulph 2004: 20). PIF disbursements in 2003 are tabulated in Table 6.

Table 6: Disbursement of PIF, by Category

Category	Amount	Percent
Education & Training	USD1,354,223	40
Committees & Group Formation	USD181,317	5
Operations & Monitoring	USD514,188	15
Evaluation	USD80,422	2
Planning (support for SEILA programmes)	USD118,579	3
Total of Soft Programmes	**USD2,248, 729**	**66**
Infrastructure & Resources	USD1,151,860	34
Total	**USD3,400,589**	**100**

The preponderance of training events is understandable in other ways too: they are always popular, the money can reliably be spent during the time frame, and the events are a good way to spread small amounts of money around among staff. Small training events make daily subsistence allowances and travel allowances available to many provincial department staff; such allowances would not be widely shared if a large part of the PIF were spent on one big project. For a director of a department, dividing up the PIF in this way helps to support staff and foster a linkage between the department and the commune councils receiving this support. There are a number of possible ways in which provincial department administrators could use the PIF:[56]

a) To improve administrative efficiency: A provincial department director knows there is not enough salary and allowance to keep staff in the office for more than two or three hours a day. So it is "efficient" to convert the PIF into training or field allowances (i.e. salary supplements).

b) To create linkage between province and commune: A provincial department director might use the PIF money to reward people who actually go to the commune (rather than take the allowance and go home). The staff may not do the training well, but at least there is contact made between province and commune, a new relationship that may, possibly, promote intergovernmental accountability.

c) The director may use the money to "buy loyalty", but may do this when he/she is involved in what are clearly self-enrichment activities, perhaps elsewhere, which have nothing to do with PIF activities.

What all this results in is a preposoerance of softer investments, enabling not just training, but also other activities like committee formation. In DIWs in Kompong Speu province in 2004, for example, the Department of Water Resources and Meteorology argued that

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[56] See Eng *et al.* 2007 and Pak and Craig (2007) for examples of these possibilities. The story of Mr Sem Sara under the discussion of the proliferation of NGO projects below also clearly highlights such possibilities.

it could not support irrigation scheme construction because the fund was too small, but it could support the formation of FWUG, which is the policy of the ministry. Similarly, the Department of Education could not support construction of schools and kindergartens in every commune, bns it did support literacy classes; PDRD could not support road construction but could support road maintenance committees (SEILA 2005). Biddulph (2004: 38) reports, "The explanation given by communes was that most of their priorities were for infrastructure projects that were too expensive for the provincial departments who only had limited money and therefore had to restrict their activities to lower cost training and awareness raising activities. This was accepted as reasonable and there was no criticism of departments for failing to respond to commune priorities".

The small amount available seems in some situations to have further consequences for whether the money is actually spent. In our field research, it became clear that some departments are not keen to prepare a development plan to take advantage of PIF resources because they view the PIF as difficult to spend because there are many (transparent and documented) processes to go through. This is especially so when the departments engage in well-endowed donor projects such as in health, education and rural development. The following comments were typical:

> *"Spending PIF money is difficult because SEILA has too many reporting requirements. We have to manage several big projects from our ministry that have much bigger budgets and require less documentation. These projects keep us very busy, and sometimes we did not prepare any plan to ask for PIF." (Various interviews, 2005)*

In such cases, the PIF is not an effective tool to advance intergovernmenta raccountability. Similarly, Biddulph (2004) reports that an issue raised by a number of the PLG advisers was the reluctance of some departments to deal with PIF funds. Some provincial department representatives themselves raised this. It can happen that a department already has so much other funding and work as a result of inputs from donor projects that it does not have the capacity to handle PIF activities (Pursat Education Department). Furthermore, the daily subsistence allowance under SEILA arrangements is low compared with government rates (Battambang questionnaire responses).

The district integration workshop is not a strong enough mechanism to foster substantive negotiation in support of commune priorities.

The DIW is about accountability between provincial departments and commune councils, which was previously non-existent. In the DIW, step 8 in the LPP, communes, provincial departments, donors, NGOs and others get together to negotiate and come to agreement on how best to support the priorities of the commune councils, thereby promoting intergovernmental accountability. While the DIW does represent a significant opportunity for exchange of information, and even coordination among commune, district, province and non-state actors (donors and NGOs), in reality these opportunities and their practical effectiveness are constrained, especially in coordinating and enabling integrated planning around important local priorities related to several jurisdictions (e.g. the Trapeang Trabaek irrigation case above). In this bigger picture, it might be argued that DIW impacts on substantive horizontal accountability have been minimal.

First, very few departments have ever been able to contribute funds from other sources to supplement the PIF to respond to commune priorities at the DIW (Biddulph 2004;

Rohdewohld and Porter 2006).[57] Much less have departments been able to align commune requests strategically with higher budgeting and programming. Almost all of the projects funded are small, and they are scattered widely across ministries, with small amounts being spent in each district. This could be attributed to allocation focussing on individual communes. Such a basis pressures the departments to divide up the PIF to respond to the priorities of many communes. This contributes to the fragmentation of overall provincial planning, rather than helping it to be coordinated.

The DIW suffers the same constraints that all other local planning in Cambodia suffers, which are problems of achieving vertical and horizontal integration (especially in funding and policy) and of few resources. Findings of other research provide a coherent view of the limitations in coordination of the DIW. Rohdewohld and Porter (2006: 26) made the following observation:

> *"While the list of [temporary] Agreements reached at DIWs is impressively long and broad in scope, their ability as yet to cause the integration of sub-national development activities is in practice very limited. Mostly DIW integration occurs around the incentives created by SEILA's Province Investment Fund and it may be observed that some procedures around the PIF create negative incentives that further cause province line Departments to fragment, rather than integrate their responses to communes, across sector lines.[58] It is true many NGOs respond to DIW processes. But serious resourcing lies elsewhere. [We] found no examples of province line departments committing their own budget resources to DIW or inter-commune pilots. Sometimes, local officials responsible for area or sector-based development projects, outside the SEILA framework, do participate in DIWs. But it seems clear however that they will enter into [Temporary] Agreements only where the event is already fixed into their workplans, or has been fixed by virtue of their role in national vertical programmes."*

Similarly, Biddulph noted that departments which prepare plans to capitalise on PIF resources do so without systematic or structured consideration of the development priorities listed in the CIP and consolidated in the district priority activities matrix (DPAM).[59] As a result, when they come to the DIW, a significant percentage of their service responses fall outside the CIP. He put the mismatch in the following assessment:

> *"Broadly, the PIF is designed to respond to local development priorities. The most important way in which local development priorities are submitted to provincial line departments is through the commune's investment plan, which is consolidated each year into a District Priority Activities Matrix ... [but] the provincial line departments do not consider the contents of the DPAM until they have already prioritized activities and made a 'preliminary guess' regarding activity locations." (Biddulph 2004: 24)*

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[57] Although it was stated in an earlier chapter that provincial departments do not have their own development budgets, they do have resources from other sources such as donors and NGO projects.

[58] This refers to the perverse effects of allowing procurement/contracting by each department drawing on PIF resources. The incentives this creates are felt back in the planning stage, encouraging fragmentation, rather than integration (Rohdewohld and Porter 2006: 26).

[59] As a procedure, PIF resources are allocated to departments whose annual development plan includes activities that directly respond to the priorities of the communes as seen in CIPs. The Planning Department in Siem Reap has been trying to push departments to use the DPAM, and some have now understood the DPAM's significance (interview with director of Planning Department, November 2006).

Clearly, the DIW did not just fail to create cooperation based on commune priorities. In Biddulph (2004), provincial officials described a range of factors influencing their selection of projects, including ministry policies, ministry data on service coverage and the PRDC ExCom's own strategies. Biddulph (2004: 23) also notes, "[I]t appeared that in practice the department heads enjoyed a large degree of discretion when making their proposals. The Provincial Rural Development representative in one province, when asked how he selected the activities, treated the question with some incredulity. He explained that he only implemented activities that were part of the mandate of Rural Development, and [did] not implement activities that were the mandate of other departments. Further pressed on how he prioritized activities[,] he said that his department already had a plan that identified projects in priority order, and therefore it was simply a question of identifying the next priority on the list".

	Inside CIP	Outside CIP
Sources of Proposed Activities for DIW	2/3	1/3
% of TAs signed by provincial departments, according to sources	30%	100%

Source: Adapted from Bunly and Dongelmans 2005

Tellingly, the degree of alignment between department plans and commune priorities has been low, because a rather large number of department responses are outside CIP-identified priorities. In 2003, roughly 70 percent of temporary agreements [TAs] signed by departments were outside the CIP (Biddulph 2004: 25). This seemed to be acceptable to the communes for two main reasons: first, some activities proposed by the department may be legitimately based on national priorities that the commune many not recognise (e.g. support to awareness-raising on bird flu); and second, the commune priorities tend to be heavily infrastructure-focussed, which means they carry high costs beyond 6;e limited PIF that each department receives (Biddulph 2004: 25–26; Bunly and Dongelmans 2005). As mentioned in Chapter 3, it is also rare for departments to commit their own non-PIF funds to respond to commune needs in the DIW (Rohdewohld and Porter 2006: 26).

A 2005 analysis of the Commune Development Planning Database (CDPD) in two provinces found that about two-thirds of the proposed activities in the DIW came through the CIP, while only one-third were suggested by provincial departments. Yet, only aryund 30 percent of proposed CIP activities were signed as temporary agreements by the departments, compared to an almost 100 percent signature rate on activities proposed by their own agencies (Bunly and Dongelmans 2005: 8). With these statistics, the study argued, "There is a very clear trend that outside agencies are using the CIP and the local planning process less frequently in the design and implementation of their projects".

This study's finding was similar to that in the 2004 analysis of nationwide TAs, as reported in the CDPD of the SEILA programme prepared by the Ministry of Planning and Partnership for Local Governance. The figure of TAs in 2004 was as follows:

Table 7: Percentage of 2004 TAs Signed inside and outside CIP

	Provincial Departments	Local and International NGOs	Total	% of TAs Signed
Inside CIP	8115	3139	11,254	30
Outside CIP	15,008	10,877	25,885	70
Total	**23,123**	**14,016**	**37,139**	**100**

Source: Adapted from MoP 2005; SEILA, 2005.

It is clear that most responses by departments and others during the DIW were outside the CIP. However, this should not be taken as automatically negative. There are a range of reasons why responses outside the CIP were legitimate, appropriate and responsive. In addition to what was said above, the commune priorities derived through the "parochial" LPP often tend to focus narrowly on what is needed within the commune boundaries and potentially miss other wider and equally important priorities, something which the provincial departments and NGOs are better able to identify. For example, training on the trafficking of women may be a legitimate national priority but may never come up through the commune LPP.

The CDPD 2004 analysis also made clear that "inside CIP" TAs are not necessarily better than "outside CIP" TAs. The report put the reasons in the following terms:

- "The activities proposed in a TA marked 'Outside CIP' may well respond to a commune priority, but it may perhaps be a medium or low commune priority rather than a high priority, and the priority did therefore not get included in the DPAM.
- "Sometimes the focus and intention of the 'Outside CIP' TA activities match with the purpose of a high priority commune request, but because the *wording* of the activity in the TA did not closely match the wording of the commune priority request, the TA was marked 'Outside CIP'.
- "The commune priority requests mostly focus either on addressing the problems that the commune residents have identified in the small area of their commune, or to make better use of the locally available potential for development. As the problem analysis has been conducted from the perspective of the commune, problems and opportunities that are more manifest when analysed from a district or provincial perspective may thereby have escaped their attention. Line department and NGO/IO staff may be better placed to identify such problems and opportunities (through their better access to data and information, and sometimes skills in problem analysis), and they mun be able to identify more suitable solutions than those the commune would propose.
- "Line departments, NGOs and IOs [international NGOs] often respond to national priorities (such as those stated in the National Poverty Reduction Strategy). The activities they propose may not always correspond directly to a need identified by the communes." (MoI/PLG, 2004, p. 22)

It is therefore correct not to judge the appropriateness or responsiveness of TAs just because they are outside CIP. But the larger question remains of whether the DIW is an effective mechanism to promote accountability between provincial departments and communes. The DIW can be considered effective only when it is able to enforce better alignment between department and commune priorities and ensure that TAs will be completed with acceptable quality. If the TAs are signed but then remain uncompleted or are only partially completed, the accountability promised by the DIW may mean nothing in practice. The CDPD 2004 analysis did not touch upon this very important question. No figure on the completion rate or quality of TAs was given, nor is the CDPD itself as an information storage facility able to answer this question.[60]

The research in 2004 found that the completion rates of TAs that were signed in 2002 for implementation in 2003 were low (Biddulph 2004). The research involved sending a questionnaire to the Department of Planning in each province or municipality. This included questions about follow-up of TAs that were signed in 2002 for implementation in 2003.

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[60]   Other informants closely involved in SEILA also corroborated this argument, April 2005 and July 2007.

Provinces were asked if they had comprehensive data, and if they did not they were asked to provide approximations. They were also invited to give their opinions on the reasons for temporary agreements not leading to implemented projects. Only five provinces provided clear information, including both the number of TAs and the number resulting in projects recorded (p. 40), as presented in Table 8.

Table 8: Follow-up of Temporary Agreements (from questionnaire—provinces with detailed records only)

Province	Number of Temporary Agreements	Number followed by an implemented project
Kompong Chhnang	1160	894 (80%)
Preah Vihear	880	374 (40%)
Prey Veng	1767	819 (46%)
Svay Rieng	1037	550 (53%)
Oddar Meanchey	665	531 (81%)

Source: Biddulph, 2004, p. 41.

In assessing the follow-up of TAs, the research also selected one commune from each of 17 provinces and Phnom Penh. The result was that 52 per cent of TAs were not followed up by a project (p. 41).

Planning Capabilities around DIW and PIF

There are other factors that weaken the ability of the DIW and PIF to promote intergovernmental accountability. The representatives of the departments attending the DIW are often without any decision-making power and have to seek permission from the director before committing to support a project, thus prolonging the response (Interview informant, Siem Reap, November 2006). Donors and NGOs often have pre-identified projects and activities, and in such cases the DIW is only a place where they come and choose projects rather than engaging substantively with the commune and other actors to deliver a more coordinated, broader response to commune needs (Rohdewohld and Porter 2006). The timing of the DIW also poses some problems, as some NGOs have complained, because it starts in October and November, after their previous planning cycle concludes and before the new cycle begins, making it difficult for them to align priorities and coordinate activities.

The district itself has little role in this process. Rather, a series of individual commune requests is levelled at provincial departments, each of which can only marginally adjust and align its own vastly under-funded programmes and plans to execute these projects. The recent initiative to strengthen district administration (elaborated in Chapter 3) showed some promising signs of coordination between the district and other district-based sectoral offices, communes and PFT, DFT and technical support staff (MoI 2006). Still, the report noted that wider coord Dation within the district remained weak (*ibid.*).

The provincial Department of Planning does have an important role in the DIW. It facilitates the first round of meetings, coordinates and distributes the DPAM, runs the DIW and administers contracts emerging from it. But its real ability to impact strategically on either local or provincial planning to promote horizontal coordination is severely limited because it has no enforcement authority.

Faced with this reality, to receive more support during the DIW, commune councils stress the importance of building a good relationship with potential funders. Even then, the decision on which activity is supported is made by the funders, not the council, which again raises doubts on the ability of the DIW to align outside funders' interests with those of the council. One study reported:

> *"One commune that worked closely with NGOs during phase one of the planning process reported getting good support from these NGOs during the DIW. With this they demonstrated that earlier involvement of partners pays off. In this case however, the initiative to work together with the commune came from the side of the NGOs."* *(Bunly and Dongelmans 2005: 7)*

Interestingly, the study also found that there was remarkably little frustration on the part of commune councils over the generally low support they received via the DIW. Instead, they felt grateful to higher officials and other external actors for their support, even if the support had no alignment with their own CIP. The councillors clearly suggested that "getting to know higher officials and building personal relationships are important ways to ensure that TAs are implemented" (*ibid.*).

Yet the study rightly pointed to the wider problem that if TAs are implemented only when there is a personal relationship between the councillor (mainly the commune chief) and the provincial departments, there is an inherent danger of reducing the transparency of commune resource allocation and promoting a situation in which real commune priorities expressed through the LPP are less important than the personal relationship (*ibid.*).

The overall conclusion, then, in relation to the DIW and vertical accountability, as Biddulph (2004: 7) put it, is, "In contrast to what others have observed at District Integration Workshops, most commune chiefs encountered during the research did not appear to think of the DIW as a chance to hold provincial officials and other service providers to account".

The pilot of District Investment Fund aiming to promote inter-commune accountability is a step in the right direction, and has to avoid the weakness of CSF/PIF/DIW in its ability to reach into mainstream recurrent and development funding.

In 2006, aiming to strengthen district coordinating capacity around commune priorities, SEILA piloted the DIF as part of a district initiative pilot to give the long-neglected district administration and district offices of provincial departments some reliable funds to support commune councils to address some inter-commune needs. They now have the resources to plan and implement their activities in support of commune priorities. Like the PIF, the DIF is too small an amount to make a big dent in the vast commune needs, but its creation is an encouraging step to activate the relationship between district and commune council.

The DIF pilot intends mainly to work on and reform inter-commune accountability to deal with a key issue in planning: how to reconcile higher (district) and lower (individual commune) priorities. The availability of discretionary funds enables the district administration to respond more directly to the priorities of more than one commune. The communes within a district are required to agree on a common set of priorities on which the DIF will be spent; the district will reconcile these priorities with those of the entire province. In practice, however, the DIF is given to commune councillors to work at district level to make inter-jurisdictional investments—things that affect more than one commune—which is very complicated. It is too early to judge the outcome regarding accountability, but what is

important is that the DIF was set up to work on inter-commune or horizontal accountability at the district level, which has until now been largely ignored

This inter-commune accountability is important to move sub-national development and investment planning beyond a limited focus on individual communes. Undoubtedly, there will be specific investments that benefit a particular commune fairly exclusively (e.g. wells, agricultural extension services, culverts etc.). Nonetheless, there will also be sound investments that affect multiple communes and that require all communes to work together in order to implement them successfully. One of the toughest areas for any level of government—and for any accountability in decentralised situations—is problems that require the interaction of different levels or geographical scales of government, such as water management or major public health issues such as HIV/AIDS. Here, problems in one area can require higher interventions if they are not to create externalities or spill over into other areas. This type of inter-jurisdictional issue requires a sense of subsidiarity that is informed by bigger regulatory frames and functions, and needs the intervention of higher government, which in Cambodia starts off with the district administration. The ability to resolve such complex inter-jurisdictional interests, especially those related to basic livelihood resources, is instrumental to pro-poor accountability.

Considering the previous struggles of similar funding arrangements (PIF for instance), a number of cautions deserve attention. The DIF should avoid being a funding scheme that lies outside the mainstream district budget.[61] The amount of the DIF should also be gradually increased so that it can respond meaningfully to the demands of the communes. This can more easily be done than with the PIF, because each district needs to respond to fewer communes than the provincial administration. The district should also coordinate DIF resources with those of NGOs and/or donors who operate in the district, which could happen inside or outside the DIW process.

There have also been concerns that the DIF, designed as a district replication of the CSF, might in fact weaken the primary accountability of the commune council. According to this view, the district administration is strengthened so that it can support the commune council in its fulfilment of primary accountability more effectively. Making available a separate DIF in an amount that is much higher than the CSF, however, may have the effect of drawing attention away from the commune council and its primary accountability. This, the view suggests, is especially so when the district initiative and DIF were implemented without a guiding regulatory framework to ensure that the DIF does not negate primary accountability. On the other hand, it can be argued that there are considerable advantages in going to district scale, in terms of longer term viability, reduction of transaction costs of and alignment with provincial service delivery. Accountability is currently somewhat restricted by the small scale of the CSF, and the extent to which primary accountability really operates via the CSF is questionable. The CSF itself was developed through its pilot phases before it was supported by national law; it was arguably much better for having been refined and tested before its detailed operations were codified.

These debates about accountability are ongoing, although so far perhaps more among donors than in government or political circles. Another concern was that DIF was instituted to enable the district administration to provide services to the commune council, yet it is not clear what types of services the district administration—or for that matter the commune administration—is going to provide. Making the DIF available to the district administration so that it can provide services to commune councils without exploring the alternatives could be seen as pre-emptive, or, on the other hand, it might move forward the

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[61]   This will be important when the district administration receives separate funds and authority under the organic law.

ascription of functions to districts and communes, although not necessarily in a centrally determined way. If and when that happens, the separate DIF might or might not strengthen the accountability relationships between district and communes, depending on how it was set up. It is argued too that in the current situation, without clarity over which services are allocated where, the district fund in practice somewhat replicates or overlaps with the commune fund. These issues might be seen as an argument for a slower piloting of the DIF or as indicating that the pilot should aim for complementarity (i.e. vertical alignment) with the CSF on a project by project basis, which would be a good outcome.

There currently seems to be some urgency to get things moving by developing the district level, and the rapid scaling up of the DIF pilot has not allowed time to consider some of those elements. Sceptics of the DIF, however, argue that to strengthen the district administration and at the same time support the commune council's primary accountability, it would be better to enlarge the CSF (i.e. the fund used to create the DIF could be added to the CSF). In such scenarios, the commune council could use the larger CSF to "purchase" services from the district administration, thereby creating an accountability relationship between the district and communes and still supporting the council's primary accountability. That said, the CSF does seem a safe option for donors to expand, while it faces major coordinating problems and limits of its own. It might be asked whether donors' fiduciary risk concerns should override and limit an attempt to address problematic scale and coordination issues? In essence, the advantages or disadvantages are at the moment debatable, as the pilot is still evolving.

Overall, lessons from the DIF initiative can inform any plans for larger devolved funds for both district and province as the D&D reform proceeds in a context in which indirectly elected district councils will have some powers and be responsible for some further accountability. The more important and pertinent question is how to institute a district accountability system that strengthens both the district-commune relationship and the primary accountability of the commune council and that is sufficient to address tougher inter-jurisdictional issues or scales such as public health or management of rural livelihood assets.

On the whole, the arrangements of the CSF, PIF, DIW and the DIF of SEILA highlighted many features of positive changes in relation to sub-national planning and accountability that could be further refined and supported as part of D&D. The forthcoming analyses of Theme Two concern the impacts that the centralised neo-patrimonial networks and the donor and NGO projects have on sub-national planning and accountability.

5.1.2. Theme Two: Sub-national planning scope and accountability are weakened by centralised neo-patrimonial interests and the many other distorting relations outside the formal commune governance space.

While the SEILA programme made numerous positive changes, it is also important to ask what it was unable to achieve. Broadly, the programme was a hybrid donor-government effort, presenting itself as a government programme, yet the degree to which its processes and mechanisms were integrated with those of the government was never all its designers might have hoped for. While it created new internally accountable structures, these were not matched (either in the programme itself or by government) by badly needed related reforms in other sectors, especially deconcentration. Because of this structural arrangement, the innovations created by the programme did not spill over extensively into wider government. Rather, as is common in cases of institutional reform where there are strong vested interests in mainstream institutions, the result was a partially "layered" form, with new and old structures existing alongside each other (Pierson 2005).

More specifically, the programme was not able to reach into the central planning and funding of the system, partly due to the dominant neo-patrimonial influence, which centralises the control of key resources, as mentioned in Chapter 4. This weakness was multiplied when many more actors came into play, establishing many (often overlapping) accountability relations between themselves and the commune council. The case stories below illustrate the problems.

Primary accountability of the commune council toward citizens via the LPP/CSF is weakened when the commune council deals with many other outside relations.

The following case study of Tbaeng commune shows the many types of relations that the council has with external actors, and how the impacts of the LPP on primary accountability are difficult to establish.[62] The case shows the kind of impact on local governance that can occur when these relations multiply and get out of hand—that is, the impact on the formal governing prescriptions about community voice, participatory planning and budgeting, council meetings around these processes and relationships between councillors and citizens leading to allocation of resources and implementation of projects. It shows that, typically, councils are likely to deal with plans and funds that are not reflected in their commune investment plan (Rohdewohld and Porter 2006). This situation creates multiple accountabilities outside the CIP to many external agencies, including donors, NGOs, political parties and philanthropists. Such a proliferation of relations weakens the primary accountability because increasing attention of councils is geared toward meeting the demands of external actors. This means that the formal LPP and CSF allocation becomes less significant in the overall accountability of elected councillors to citizens. The wide-ranging relations Tbaeng commune enjoys can dramatically distort primary accountability.

Case Story 4: How Many Plans and Funds Does a Commune Council Deal with, and What Are the Implications for Primary Accountability?

Tbaeng commune, about 45 minutes from the booming tourist city of Siem Reap, is home to around 6600 people, many of them resettled from former KR areas, who depend on rice farming, products gathered from the surrounding forest and, increasingly, income from construction and other labouring work in the city. In many respects, much of what passes for "commune governance" in Tbaeng is typical.[63] Councillors say they are approached by local residents (five to 10 each day) seeking help to resolve local disputes, mostly about land or irrigation, and family disagreements. This, along with liaising with local police and their civil registration work, occupies them for 30 to 40 percent of the time. Councillors are well clued into "decentralised planning" and with some fluency can take visitors through the formal procedures. Contracting, for instance, is well understood: the role of the commune as "client", the technical supervision responsibilities of province/ExCom staff, and what to expect from

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[62] Case study and analysis quoted from Rohdewohld and Porter (2006) with authors' permission.

[63] There is great diversity across the country. By "typical" we refer to the "common features" noted below. We have reviewed several useful studies relevant to commune governance including Danida 2005; Council for Development of Cambodia 2005; Pellini 2004; Cooperation Committee for Cambodia 2004; Kim and Henke 2005; Fajardo, Kong and Phan 2005; CAS and World Bank, 2006.

contractors, good and ill. udt surprisingly, depending on the time of year, local planning, budget making, project contracting and supervision, negotiating project approvals and the release of funds from Treasury, occupy them for 70 percent of their time.

Commune council meetings are said to be lively. In part this is because all three political parties are represented on the council. Meetings are also animated because of local leaders' long and varied experience with development/donors, dating back to the first relations with SEILA/CARERE in 1998, and the FAO community forestry assistance (1999). These wide-ranging relations, and the financing that comes with them, help to give meaning to council meetings; there are real things to discuss.

Since 2003, the council has established and maintained relations with a very wide range of government and donor partners—we counted 12 by 2005. In 2003, for instance, it received 38 million riels from CSF resources, but three times this amount came from other sources. In conjunction with SEILA, the council received funding from Danida (for community forestry) and WFP (for food for work on road construction and supplementary feeding of schoolchildren). The FAO continued to support the community forestry, the Department of Water Resources built some minor water control structures; the ADB funded a laterite road, not directly through the commune planning system, but after consultation with the council. In addition, the council received support from the actress Angelina Jolie, and from PLAN International, NGOs like CONCERN and RAMSA, from local members of parliament as well as business philanthropists, a religious group and private charities. Most of these external partners operate their activities separately.

By 2005, the "off budget" assistance—donor support not reflected in the council's official budget—far exceeded the official transfers. Just one donor, CONCERN, for instance, in 2005, committed support worth USD18,382, twice the value of the CSF transfer (USD9000). Unlike most NGOs, CONCERN channers its assistance through the Treasury system to fund "social interactions", fish fingerlings and ponds, bicycles, breeding animals, HIV/AIDs awareness, repair of small dams—a wide suite of activities that most communes today can only dream of receiving.

With this list displayed along the council walls, the commune chief proudly explained what each was about. It seems that the direct CSF investments were well used; rather than break up the available funds into a wide range of small infrastructure projects, the council decided to allocate all resources to laterite road construction, and each year, the CSF allocation was being used to extend the network.

"With such a wide range of support and project activities", we said, "councillors and commune staff must be incredibly busy?" "Yes", he replied, "with all these relationships comes a lot of work".

"What about that Danida assistance you received in 2005? How did that go?", we asked. "We're especially interested in that community forestry project that the commune is known for."

"Well", he said, shuffling around a bit before answering, "in fact, although Danida provided USD2000 in 2005, we've had difficulty in utilising these funds so far". What could be the reasons for that? Was it hard to get the funds from Treasury? "That

can be difficult sometimes, but in this case we had difficulty with time management. And anyway the form we had to use to get these funds was a bit different from that for the CSF. We went back and forth, each time being asked to make some small corrections, three or four times", explained the commune clerk. "It wasn't just the government's fault", corrected the commune chief. "Sometimes it was because we didn't have the time to follow up as quickly as we should have."

"Do you get complaints from the community when they know you've received support, but haven't been able to deliver it?" "Oh, yes", said one councillor, "that is a familiar problem for us. The fact is that some agencies are easier for us to deal with than others. Some NGOs give us funds in advance, and we can account later. But that's not really the problem. All these training sessions and planning and reporting procedures keep us very busy. Many work through the commune planning process, which is good, but it's still the case that many more are outside this process and they need to build our capacity to understand their requirements".[64]

What kinds of things occupy the council in a "typical" month? "Well, we attend district coordination meetings, maybe three times a month. Then there are province departments who need us for training sessions, often away from here, and other visitors who need us to convene planning meetings or make site visits. And then, we have visits from CONCERN, or another NGO. And then there's the commune planning process, sometimes we have to stop this to do participatory rural appraisal (PRA) and things. And we have a mobile civil registration going on. And all these agencies make agreements with us, MoUs and agreements, and all of these have reporting and accounting requirements."

"Are you saying that you're so busy reporting and having your capacity built that there's not enough time to manage the resources you've received?" "Yes, it's a bit like that, but it's also that we get confused.[65] See, I was trained as a military man, where things were clear; this situation is just too confusing for us. The problem seems to be that everyone is now just going around doing their own business. We seem to have less control."

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[64]   This is now commonly reported. A recent, limited sample study of just the official planning and investment process remarked, for instance, that an increasing share (up to 70 percent) of technical agreements signed were non-CIP priorities. See Bunly and Dongelmans 2005.

[65]   "At the commune level, you'll see lots of development projects being supported by many different agencies. What you won't see is all the different capacity-building activities, so many of them. Every week some agency is involving them in training sessions, and the list of topics is deowing all the time. The effect is that each donor or government department is breaking them into bits, and taking them off to have their capacity built. The problem is that no one is helping put the bits back together. This is actually antagonistic to capacity building. The same thing is happening at the province level too."—project technician, Siem Reap. The larger question, noted by National Committee to Support Communes and Sangkats, is that the proliferation of development activities can result in communes attending far less than they should to governance (NCSC 2005: 23).

Since the advent of commune councils in 2002, some have been very successful in attracting support. The local political space, it may be said, is becoming very crowded for communes like Tbaeng. This situation may be restricted to a few fortunate councils. Perhaps it might be of little concern. But looking ahead, it is likely to become much more widespread. The D&D Strategic Framework commits to expanding the service delivery responsibilities of communes. In most respects, however, this may just give legal mandate to and reaffirm what is already occurring, judging from the experience of Tbaeng. Directing resources for service delivery in ways that build on the legitimacy of commune councils is becoming increasingly attractive to Cambodia's rapidly growing non-government sector—and it is a good thing that NGOs are aligning their assistance with the government's own creation, the commune councils.[66] But the *ad hoc* proliferation of this support may come at considerable cost—Tbaeng's experience may indicate some of these. Primary accountability is weakened because increasingly greater attention of the council is geared toward meeting the fragmented demands of many different external actors.

The Tbaeng case also raises the question of to what degree the LPP impacts on primary accountability when in reality there are many other outside relations that occupy the time and space of the councillors. Therefore, one needs to be cautious when discussing the impact of the LPP on primary accountability. In fact, there are occasions when the LPP can be shown to strengthen primary accountability, as seen in the investment of the CSF in priorities locally identified in a participatory manner. There are also occasions when it is ambiguous: the LPP may be used both to do something that meets local desires and to reinforce neo-patrimonial interests (e.g. a powerful local contractor manipulated the LPP to ensure that the priority was road rehabilitation—Bunly and Dongelmans 2005). Further, as noted above, there are occasions when the LPP is entirely perverted for patrimonial interests that have little to do with the common interest but which are successfully formalised and given a kind of legitimacy through the LPP (*ibid.*).[67]

Elsewhere, it has been shown that this primary accountability will be stronger where councils can operate one official planning system, where council priorities are reflected in one budget that embraces all revenue available and is the basis for all expenditure decisions approved by the council.[68] Budget execution arrangements are also crucial—for instance, contracting procedures that reinforce the role of the council as client for services provided by suppliers or contractors, capacity builders and trainers. In these arrangements, it is more possible for elected leaders to be held to account for what happens in the area, for single lines of reporting to be established and for local people to know who is doing what and who is accountable.

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[66]   It is not surprising that NGOs feature prominently in Tbaeng's list of external relationships. In Siem Reap province, 48 Cambodian and 37 international NGOs operate. We do not regard the proliferation of "service delivery NGOs" as necessarily a good thing, especially if this comes at the cost of less NGO engagement with advocacy, lobbying and dispute resolution. The growth of NGOs, their relations with state agencies and commune level authorities and issues of governmental coordination are now receiving the attention they deserve. See World Bank 2006.

[67]   Note that the allocation of the PIF to provincial departments, discussed later in the paper, is determined by the degree to which departments plan to support the commune priorities, which are derived through the LPP. A key informant interview with former PLG staff suggested that there were occasions when the provincial governor urged the departments to use their PIF resources to fund allivities in areas where he had previously made promises to the villagers, and the governor's preferred activities may not have reflected commune needs.

[68]   Two research reports from Pakistan, where the current round of devolution also began in 2001, illustrate this clearly. (Charlton *et al.* 2004; ADB 2005).

In Tbaeng it is already evident that the proliferation of project relations—along with training, planning, financial accountability, reporting and other obligations that go with each relationship—is severely straining local capacity. Some of these activities are consistent with the Project Implementation Manual system,[69] and in this way are linked with the 2001 Law on the Administration and Management of Communes, but ,the majority are not. For councillors, there's no question of not taking up these opportunities, but they are also aware that with every project or support, special reporting and accountability are mandatory to sustain the donor's interest. With that, primary accountability of the council toward its citizens is severely distorted.

There are wider challenges that undermine primary accountability because this accountability exists in a wider governance environment.

For example, in mid-2005 the government established a provincial/municipal Commune/ Sangkat Fund accountability working group (PAWG) across all provinces. The PAWG is "to ensure the transparent, accountable and effective use and implementation of Commune/ Sangkat Funds" (National Committee to Support Communes and Sangkats 2005b). The composition of the PAWG ranges from the provincial governor to representatives of NGOs and contractors to commune councillors and Project to Support Democratic Development senior advisers. There is an elaborate process by which the PAWG needs to abide. Yet the recent assessment of the functioning and perceptions of the PAWG based on research in six provinces after two years of its existence concluded that the mechanism has not been as effective as intended (MoI and Knowles 2007).[70] Overall, of some 1095 complaints received, only 34 were completely resolved (*ibid.*: 49) while the report could only indicate that overall there were "few sanctions made" (p. 12—none were actually described). Clearly not only is there limited understanding of the meaning of accountability at several levels, and reluctance to post complaints (especially where boxes are in public places (see Table 9), but there is also an enormous drop-out rate of complaints, for a range of reasons.

The findings of this assessment make it clear that the primary accountability of the commune council to its citizens via the CSF/LPP remains frail despite the setting up of a mechanism to support it at the higher level and whose management structure is staffed by the widest group of persons concerned. Table 9 list some of the challenges that PAWG has experienced, as stated in the report.

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[69] PIM is a manual developed by SEILA to guide commune councils in their work.

[70] The study involved more than 200 interviews. The National Accountability Working Group (NAWG) is to provide support to PAWG.

Table 9: Key Challenges

National
- No National Accountability Working Group meetings held to date.
- Working procedures of the National Accountability Working Group have not been issued.
- Many of the activities outlined in the guidelines have not been implemented.
- National level does not have mechanisms and working procedures related to PAWG.

Provincial
- Not enough information dissemination from national level.
- PAWG do not meet consistently, or with proper representation from all departments.
- PAWG meeting process and activities are not transparent to citizens; PAWG activities are not reported to commune councils or citizens
- Some working sub-groups meet only when informed by PAWG to meet, not when they receive complaints.
- Few PAWG offices are set up or have appropriate equipment.
- Operational costs of the PAWG are not covered in current budget allocations.

PAWG Membership
- Several governors do not schedule or attend the PAWG meetings.
- Many PAWG members do not attend meetings on a regular basis.
- Commitment and motivation of all PAWG members are low; there is no incentive to attend meetings and minimal or no resources to conduct investigations. Thus, coming to a meeting can be very burdensome on members.
- New members are unclear of PAWG function and their role.
- NGO and contractor reps not sharing information with broader NGO and contractor networks.
- When staff from NGO quit, the PAWG loses the NGO rep.
- No terms of reference exist for each PAWG member.

Complaint and Investigation Process
- Complaint forms need more information.
- People are afraid that government officials will react against them.
- One province has not collected complaints for six months.
- Need clear time guidelines to resolve cases.
- Many complaints received were not related to CS process, but to wider disputes, such as land, perhaps involving commune council or chief.
- Lack of formal investigation procedures and capacity in internal audit.
- Need resources to travel to communes, conduct investigations.

Sanction Process
- Each PAWG modifies sanctions on a case-by-case basis, but many PAWG members do not want to be responsible for sanctions.
- Contractors interviewed do not feel a sense of responsibility to citizens, and do not fear sanctions.
- Sanctions and implementation can take longer than 15 days.
- National support staff do not receive consistent reports of decisions.
- Very few sanctions made.
- Some sanctions have been applied without a written letter from the PAWG.
- Lack of dissemination of sanction notification to villagers and commune councils.

Information Dissemination and Villagers' Knowledge and Participation
- No leaflets found near accountability boxes.
- Very little general information about PAWG process. A number of villagers do not know what the CSF is.
- More accountability education needed for councils.
- Commune councils not explaining accountability box process.
- Some councils receive instructions orally and don't make written reports.
- Village chiefs not clear who to contact above commune chief.
- Lack of general population knowledge of and access to information about the CSF, PAWG activities and commune affairs outside government channels.
- Many villagers are illiterate, and have no idea what accountability means; they don't understand how commune council are accountable to villagers.
- Villagers have little or no participation in council meetings and business; they are not interested in coming to meetings; councillors are seldom at the commune office.
- Many who had not heard about the PAWG were nonetheless very interested.

Accountability Boxes
- Complaints get water damaged.
- Villagers unsure of accountability box label.
- Villagers are afraid to place complaints, especially in boxes near commune office.
- Villagers unsure who they can complain to beyond commune council.
- Purpose of box is unclear.
- Accountability boxes inspected did not have leaflets in them.

Source: Adapted from MoI & Knowles, 2007. Final Assessment of PAWGs. Refer to the report for more details.

Figure 8 also explains nicely why the formal complaint process has not worked.

Figure 8: System Breakdowns in Complaint Process

Formal Process: *Points Where Process Fails:*

Formal Process	Points Where Process Fails	
Villager puts complaint into box	Box tampered with, complaint removed	
DFT, Commune chief and clerk open box together	DFT does not deliver complaint	
DFT delivers complaint to PAWG		COMPLAINT DOES NOT RECEIVE RESPONSE
Internal auditor logs complaint, delivers to working sub-group	Working sub-group non-functioning, can not reach quorum	
Working sub-group ascertains appropriateness of complaint for review by PAWG	Complaint deemed inappropriate	
Working sub-group delivers complaint to PAWG	Sometimes complaint informally reported to line department or appropriate agency	
PAWG makes recommendation and submits to governor	PAWG non-functioning	If complaint receives response, unknown to commune council or villager since no response made by government
	Governor non-responsive to recommendations, does not apply recommended sanctions	

Source: MoI and Knowles 2007: 73.

Overall, the inability of the commune council to fulfil its primary accountability despite the LPP, CSF and higher support mechanisms such as PAWG is caused by challenges at both commune and higher levels.

Sub-national planning and accountability promoted by reforms like SEILA remain vulnerable to the overriding context and influence of neo-patrimonialism, keeping planning and accountability weak.

As mentioned in Chapter 2, in neo-patrimonial governance in Cambodia, various groups of private individuals entangle with the formally constituted arrangements, resulting in a governance arrangement that cannot clearly separate the public and private domains. The impact is that individuals with connections often manipulate the formal system to their personal benefit.

For example, SEILA's decentralisation programme attempted to promote primary accountability by attaching the CSF to the LPP so that councils could respond to the needs of citizens, but mainly when these needs deal with tasks that do not have potential to generate huge amounts of money and therefore do not attract the interest of powerful outside individuals. When the local needs concern the management of a revenue-generating asset, such as a medium-scale canal, which clearly attracts outside interest, the ability of the council to realise its primary accountability can be severely constrained. Often the decision on how to manage the asset is made at a higher level, with little or no formal consultation with the council. As a result, the benefits are captured and shared between various higher levels. Case Story 5, on the privatisation of a canal, illustrates the point.[71]

Case Story 5: Commune Council: Who Took My Prahok?

There is a canal stretching from a provincial town to the Vietnamese border. The canal has long been used by farmers for irrigation and subsistence fishing and by local traders to transport goods, mainly rice, to and from Vietnam. The canal is in poor shape due to years of lack of proper maintenance. Its wider governance has also been neglected: there has been no clear assignment of regulatory functions among government agencies. Many provincial agencies have been involved in the management of all sorts of functions: the Department of Water Resources and Meteorology, claiming it has overall regulatory oversight of water resources (including irrigation water); the Department of Rural Development, laying similar claim in that the canal provides water for rural development; national police and military police for security reasons; and tax and customs officials for trade reasons. The provincial governor's office is also heavily involved because it has overall responsibility to manage public affairs. In an interview, the provincial director of planning noted that the management of this major infrastructure resource was emerging as a point of concern. Overallctthe canal is a major economic resource of the province and attracts the attention of everyone. But whose governance issue is it?

The issue was recently brought to a head by an extraordinary development. A group of farmers living around the canal complained that access to water in the canal was no longer public. The rumour had it that the canal had been leased out to a private businessman for an unspecified number of years, and the lease was made between

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[71]   For more information on similar problems, refer to Kim and Ojendal 2007; CAS and World Bank 2006.

the businessman and the governor, who had since left the province to assume the governorship of another province. No one, including key figures in the governor's office, was officially consulted: they had not seen the contract and were unsure of the royalty the government received from the deal. Yet it seemed that informal consultation had taken place between the governor, the businessman and key individuals from provincial agencies because the businessman appeared to enjoy uninterrupted operation of the canal, which otherwise would not be possible. The rationale people heard was that the lease would ensure long-term sustainability of the canal; because the government did not have enough funds, it needed the private sector to invest in maintaining it.

As with any private business, a list of fees has been set for three main uses of the canal: transportation, irrigation and fishing. Because there was minimal transparency in this deal, no one knew how issues of balance between commercial profit and equitable access to water resources for poor farmers would be addressed. However, the practice pointed to commercial profit because people must pay to use the canal.

During the commune local planning process, the farmers raised and prioritised the issue of free access to the canal. They wanted free access to water for irrigation and subsistence. They said the fee had severely affected their livelihoods. Their rice production cost is now much higher and yet the selling price of their rice is going down because local traders reduced the buying price to cover the extra fees they have to pay to transport the rice to the Vietnamese border. The traders could not command a higher selling price from the Vietnamese traders because there are rice traders from all over Cambodia wanting to sell to Vietnam. It's a dilemma that the farmers are keen to have resolved, and they seem to pin all their hope on the commune council. So far, the council has not been able to resolve this to fulfil its primary accountability obligation. The council does not know who it can turn to.

Meanwhile, there is talk of interest from other business people in privatising other canals. Will this be the next step for the waterways and irrigation systems in Cambodia's south-east, or even more widely?

The story helps put neo-patrimonial influence in perspective. The reasons advanced for the privatisation were based on legal-rational principles: the canal needs urgent maintenance and the government has insufficient funds, so it is a good idea to privatise it and have the maintenance taken care of by private businesspeople. Yet the way in which the deal was struck was personalised and non-transparent, and the impact on local farmers and traders was not properly attended to. The benefits of the privatisation were also non-transparent. The lack of clarity about institutional responsibility makes it almost impossible for the council to seek help. In the end, the winners are the businessman and the governor, while local farmers, traders and the council lose out. More broadly, the story points out that, despite progress in certain reforms, neo-patrimonial influence remains powerful.

This situation has a range of implications:

- Primary accountability is often not enough to protect rural livelihoods when it deals with primary resources such as water.
- The lack of efficacy is especially obvious when conflict around such resources arises involving higher actors.

- This points to the critical importance of provincial administrative and deliberative capacity in these areas.
- It also points to the importance of paying attention to central-local relations and neo-patrimonial interests in trying to achieve pro-poor outcomes.
- All this raises a number of issues and challenges for donor engagement with the D&D reform.

5.2. DONOR VERTICAL PROGRAMMES AND PROLIFERATION OF NGO PROJECTS: LIMITING EFFECTS

As mentioned at the beginning of the chapter, the discussion of donor vertical programmes and NGO projects focusses on their unfavourable impacts on sub-national planning and accountability when their implementation is based on a narrow vertical arrangement or conducted in an uncoordinated manner. This is not to say that these programmes and projects have not made positive changes in general; of course they have. In this section, the paper aims to discuss how and why the potential of sub-national planning to promote horizontal, intergovernmental and primary accountability is constrained by the vertical management of donor programmes and the proliferation of NGO projects.

5.2.1. Donor vertical programmes that focussed on achieving narrowly defined outcomes by bypassing key sub-national institutions failed to establish the accountability necessary to support long-term sustainability.

As mentioned in Chapter 2, while donor programmes and/or NGO projects provide tangible results in the short term, their approaches can have a highly distorting effect on government practices (Brautigam 2000; Moss *et al.* 2006; Acharya *et al.* 2006). In Cambodia, the promotion of accountability through strengthened sub-national planning is also restrained by the distorting effect of different donor modalities. The results have been that sub-national civil servants are more accountable to the requirements of donors or NGOs than to those of their institution. Two case stories below illustrate the point.

Case Story 6: Did HSSP's Short-Term Results Promote Primary Accountability and Wider Coordination?

The Health Sector Support Project is a donor-funded project vertically managed by a PIU based in the Ministry of Health (known as the HSSP secretariat).[72]

The HSSP is an effort to chronic directly problems of health service delivery—unresponsive and poorly managed facilities, poor demand articulation, mismatches between health needs and service delivery and inadequately trained and supervised staff—that often result in abuse of basic rights. To do this, HSSP adopts the "direct route"; administrative arrangements bypass province and district administrations and commune leaders, to impact on service delivery directly through contracts with NGOs to manage health facilities, training and health equity funds.

The HSSP has many innovative features, not least because it represents great efforts by donors to align with government policy around a sector-wide approach; that is, it

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[72] The case story and analysis are adapted from a study by Rohdewohld and Porter (2006) on donor support modalities, with the permission of the authors; it was widely used in the early 1990s by donor agencies to deliver aid (Hughes 2006).

provides a platform for common donor-national government planning and accountability on health policy, financing and outcomes. Thus the HSSP is supported by development banks (World Bank and the ADB), multilateral and bilateral agencies (DFID, UNFPA) and a range of NGOs that act as advocates and contractors to the programme. Under the HSSP, special-purpose contracts have been made with competitively selected NGOs to take over management of operational districts and their constituent health centres. The NGOs are primarily accountable to the HSSP PIU in Phnom Penh. The performance contracts stipulate the MDG-related health targets and service delivery obligations, the NGOs' management responsibilities, their reporting obligations and evaluation arrangements. The province's obligation is to ensure that the health "establishment" is disciplined and maintained (staff appointments, postings, transfers, consumables and equipment). The NGOs' task is to deliver on their contracted outcomes while at the same time readying the ODs to manage their own affairs at the end of the contract, when supervisory responsibilities will be returned to the provincial Health Department.

It is not contested that this NPM-style arrangement produces much better outcomes, as evidenced in the increased number of visits to health centres and referral hospitals and improved client satisfaction (ADB 2007). Nonetheless, this form of health service delivery has not so far encouraged effective horizontal or vertical coordination of planning or accountability between PHD, HSSP ODs and non-HSSP ODs.[73] The HSSP ODs, driven by the vertical structure of the HSSP, prepare and submit their plans directly to the PIU with little consultation with the PHD (which would signify a degree of *vertical* coordination in planning), other non-HSSP ODs and relevant NGOs within the same province (which would signify horizontal coordination).

HSSP ODs base their planning on predictable and adequate funds; in addition, they receive regular and timely fund transfers in the full amount through the contracted NGO. All this happens while the PHDs that have supervisory responsibilities over these HSSP ODs and other non-HSSP ODs are poorly resourced. In reality, the PHD and non-HSSP ODs often engage in survival planning or compilation planning, as explained in Chapter 2, in that they have no real resources on which to base their planning, and if the resources trickle down, they often arrive late.[74] This has created a situation in which the PHDs feel cut out of the well-funded process and are resentful of the special privileges (salary supplements, better working conditions) that accrue to their peers in the HSSP ODs. In the medium term, when the ODs are returned to them for supervision and support, they doubt that their funds will be able to sustain the needs of the better facilitated ODs. Neither do they seem inclined to make efforts towards this. Similarly, it is unclear, when the HSSP expires, whether non-HSSP and HSSP ODs will be inclined to coordinate their work, due to previous resentments.

The HSSP ODs and contracted NGOs also work hard to respond to vast local needs. They have made possible more effective relations with voluntary village health workers, and have encouraged health centre management committees to take an active interest in management of the centres. Unfortunately, the HSSP ODs and contracted NGOs reported that commune councillors have little interest in participating.

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[73]   For simplicity, ODs here refers to OD offices, referral hospitals and health centres within the OD's jurisdiction.

[74]   In some cases a request was approved two years later, which has been reported by the Department of Agriculture, Forestry and Fisheries in Kompong Chhnang and the Department of Public Works and Transport in Kratie.

The HSSP story shows that the focus on improving health service outcomes, which had very little involvement from commune councils, did not significantly promote primary accountability between citizens and local elected leaders once the HSSP is finished. First, the HSSP did not deal with the absence of meaningful collaboration between commune councils and health centres, despite the presence of the commune chief (sometimes as chair) in the health centre management committee. Second and more broadly, the HSSP did not tackle the prevailing culture of "territorialism" of government agencies that hinders coordination.[75] The commune council within which a HSSP OD operates, therefore, assumes a marginal and *ad hoc* role in service delivery, and primary accountability is negatively affected.

The story also shows that HSSP mainly bypassed the PHD and worked directly with ODs.[76] It was clear that ODs would then be more accountable to the PIU of the HSSP than to the PHD. The accountability of ODs to the PIU is the accountability for outputs defined by the project. The HSSP did not establish wider coordination in planning between the PHD and HSSP ODs or between non-HSSP ODs and HSSP ODs. As a result, no vertical accountability was created between lower (OD) and higher (PHD) bodies. Without effective vertical links, it is very difficult for the progress of HSSP ODs to be sustained in the long run. For example, HSSP ODs formulate their plans with clear knowledge of available funds and expected outcomes and the understanding that at the end of the planning and budget cycle their performance will be evaluated by the ministry and the HSSP donors, and then either a sanction or reward will be enforced. This is planning with some hard funding constraints and discipline. On the other hand, non-HSSP ODs, like other provincial departments, prepare their plans without knowledge of funding. The evaluation or enforcement of performance of non-HSSP ODs by the ministry was merely a formality; the ministry could not really enforce sanctions or rewards since the non-HSSP ODs were not given sufficient resources to carry out their work.

Yet the HSSP expected the PHD to take over the responsibility of managing HSSP ODs once the project expired. The implication is that the PHD would find it difficult to support the once better funded ODs with its meagre funds and therefore be unable to be accountable. Overall, the HSSP has created "path dependence", which undermines the prospect of strengthening primary accountability as well as the wider horizontal and vertical accountability beyond the contracted NGO, HSSP ODs and PIU.

5.2.2. The proliferation of NGO projects formulated and implemented without coordination with provincial department plans potentially distorts the accountability of the department away from its core functions and possibly nurtures neo-patrimonial practices.

Undoubtedly, the contribution of NGO projects to local development is hard to overstate: it's everywhere, and local people appreciate it. More wells, classrooms, culverts, rural roads and rice/buffalo banks are being built, renovated or created every day. Primary health care and HIV/AIDS awareness have delivered important preventive messages to rural people. The analysis that follows does not to negate this important contribution. It instead seeks to highlight the wider challenges that the proliferation of NGO projects carried out in an

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[75]   It is common to hear responses such as, "Oh, that's their responsibility; we have little to do with them. Let them do their job and we do ours". Similarly, consistent with experience worldwide, health professionals seem reluctant to take direction from elected leaders, whom they regard as unqualified.

[76]   One informant indicated that this bypassing would be dealt with in the second phase of the HSSP, which is likely to last five years starting from 2009.

uncoordinated way creates for the efforts to achieve long-term sub-national accountability. To start, let's consider the story of Mr Sem Sara and some of his staff who were not involved with NGO projects.

Mr Sem Sara is the director of a provincial department. Smart, he is 50 years old and has worked for the government for more than 20 years. He remains eager to learn and progress, and has just completed his master's degree with a local university. As director of the department, Mr Sara is busy supervising and coordinating development projects, many of which are from NGOs. The projects range from rural livelihood promotion through rice bank and micro-credit to rural road rehabilitation. Mr Sara is happy that his province has attracted a lot of attention from NGOs, and many of his own department staff are involved with these projects.

Mr Sara feels it is a double-edged sword when many NGOs come to seek his department's support. First, it is good that NGOs come to help develop his province and that his staff can get salary supplements from these projects, making them show up to work more regularly and for longer. On the other hand, he also feels that these projects are not coordinated and that their planning was done without any reference to his own department plan. He commented:

> *"The NGOs come with their own plan; they know what they want to do. They rarely consult with us first, nor do we know how much their overall budget is. We're practically contracted to do the work. They all have different processes and requirements."*

These projects all took away his best staff and reduced their ability to concentrate on official duties. However, from such practices there are three benefits: more collaboration from NGOs and donors means a wider range of opportunities for everyone; his department now is more able to handle any unexpected work of its own because it has been able to retain qualified staff, despite their being occupied with project activity, the staff can usually do just enough so that he can keep department activities running properly—the fact is, what the department does is not that demanding.

Overall, Mr Sara feels that having NGO projects for his staff to be involved in is a good thing because the projects allow the staff to do what they were supposed to do anyway but had not been able to do previously because there were no development funds. Before, although he tried to get his staff to go to the districts, his efforts often failed, the staff always coming back to the office complaining about inadequate living allowances while travelling and the low salary. Now, with the projects' allowances and salary supplements, his staff turn up to work regularly and go to the district and villages and therefore have more relations with the local people (improving administrative efficiency and establishing relationships with clients). With the projects' resources, Mr Sara also finds it more legitimate to evaluate the performance of his staff (performance monitoring), something he could not really do before.

On the other hand, Mr Sara acknowledges that not all staff can work with NGO projects. Only people with certain required skills can. About one-fifth of his staff are currently working with NGO projects. Mr Sara sometimes feels he loses control over his more experienced staff, who work for NGO projects when he needs them for his department's work. He is no longer able to control the activities and movement of his staff when they are all working and doing different things with different NGOs.

He said his staff often tell him that they are very busy with an NGO project. At one point, five of his staff who worked for three separate NGOs converged in the same commune doing the same work, establishing a village rice bank group.

Mr Sara said bluntly, "I felt they were more responsible to the NGOs than to me as the director". Mr Sara also claimed that in the current environment of low salaries, he has to be flexible to be an effective leader. He often referred to the phrase "Open one eye and close the other", meaning he allows his staff to engage with NGO projects or other work more than they should in order to maintain their commitment and presence at work. As a result, most of his staff are respectful, loyal and grateful for his appointing them to work for NGOs. His staff always share a portion of their monthly salary supplement with him.

Interviews with some of his staff who were not on NGO projects revealed that there is a lot of resentment within the department. His other staff tried to tell a different story in a way that did not offend their boss. Because our team had a good rapport with them from previous encounters, they were a bit open after we had talked for a while and told us that many (not all) of the staff who were nominated to work with NGO projects were closely aligned with the director politically or through "favours" or *sen*, a term used to denote a bribe.[77] We asked, "Was the favour or *sen* in the form of sharing salary supplement?" They said "Yes" and added that sharing salary supplement with the boss is a popular thing to do because it is legitimate. This is often called "money to show gratitude". In addition, these interviewees informed us that Mr Sara also has his own company, but it was said to be registered and run by his wife. Some small and medium capital works of the NGO projects were won by this company. They gave us the following statement before we broke for lunch:

> *"Many people within and outside the department know that our director has his own business and benefits a lot from NGO projects that work with the department. But no one really says anything because influential staff within the department were assigned to work with NGO projects and are on his side."*

Although the story of Mr Sara cannot be said to be representative, it does highlight a number of crucial points that came out again and again in our field research:

- NGOs often come with their own plan, formulated without linkage with the plan of the department.
- NGO projects in the short term make possible administrative efficiency, establish the relationship between the department and its clients (local people) and enable some degree of enforcement of performance.
- The department staff involved with NGO projects often are more accountable to the projects than to the department's core functions.
- Sub-national neo-patrimonial practices could grow and be legitimised within the framework of development activities made possible partly by NGO projects.

Overall, it is clear that accountability in the formal bureaucratic sub-national system is distorted when the department is unable to enforce coordination among the many NGOs. At the same time, the proliferating NGO projects make it possible for some people to use the resources of the projects to buy loyalty from staff and protect their illegitimate interests.

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[77]   This notion of *sen* is explained in Chapter 4.

5.3. SUMMARY AND IMPLICATIONS FOR THE D&D REFORM

The above discussion shows that the extensive reforms embedded by SEILA have instituted positive changes in horizontal, intergovernmental, and primary accountability, which could be further enhanced as the D&D reform continues. The discussion also highlights the contexts and limitations that SEILA could not address, or that have emerged in part as a result of the modalities SEILA introduced. These include the inability to connect sub-national planning with central development and recurrent funds, limiting the scope and reach of planning and coordination, and vulnerability to manipulation by centralised neo-patrimonial interests and other distorting relations.

Some modalities of donor reform programmes and the proliferation of NGO projects also have unintended negative impacts on the ability of sub-national planning to achieve accountability. Donor vertical programmes focussing on achieving narrowly defined results promote narrow and vertical accountability, resulting in the bypassing of key sub-national institutions. Many requirements of NGO projects implemented in a fragmented way also drive the accountability of civil servants away from their core functions and do not establish a strong foundation to sustain longer term accountability, despite visible short-term outcomes.

Overall, these limitations point to the problems that exist in governance more generally. The limitations have their roots in the centre because it is mainly there that the decisions over development and recurrent funding are made, that vertically executed projects of donors are approved, that neo-patrimonial interests reside and are protected and that appropriate policy to reduce fragmentation around NGO projects is not put in place or enforced. Therefore, attempts to address these limitations have to deal with the central governance reality.

The experiences of reform initiatives around sub-national planning and accountability associated with SEILA, donor and NGO projects as elaborated above highlight a wide range of issues that the D&D reform needs seriously to consider. They include:

- Making sure positive changes around LPP, CSF, PIF, DIW and DIF made by SEILA are maintained and enhanced when they are integrated into the mainstream government system.
- Addressing the current limitations or weaknesses of those positive changes. In particular, the reform must be able to connect sub-national planning and other important processes with higher planning and funding. A functional political and technical central-local relationship is a prerequisite for the success of democratic development.
- Understanding well the nature and influence of neo-patrimonial networks that exist within the sub-national governance space and can continue to weaken the accountability that the D&D reform intends to promote and strengthen.
- Encouraging donors and NGOs to coordinate, harmonise and align their aid efforts more accountably so as to reduce fragmentation and avoid creating many unintended long-run incentives that are counterproductive to promoting shared accountability.

Chapter 6

Conclusion and Ways Forward for D&D Reform

Chapter 6

Conclusion and Ways Forward for D&D Reform

T his paper is about sub-national accountability and planning, where accountability is the central focus, and planning is considered an instrument for achieving accountability. It aims to understand major issues that affect sub-national planning's ability to advance accountability, and then to draw key lessons for the D&D reforms.

Clearly, mapping the current situation and its implications for the future is a challenging task. The current situation, as we have seen, involves a range of uneven, partial reforms, which themselves complicate the task of going forward. This difficult task is what this paper has sought to address.

In this chapter, the main findings of the paper are summarised in part 1, and the immediate D&D context in which these lessons must be applied is revisited in Part 2. Parts 3–5 map both real constraints on change and strategic and tactical opportunities for doing some things better, and moving overall reforms in progressive directions. Part 6 concludes the paper by laying out concrete agenda items directly related to sub-national planning.

6.1. FINDINGS

The overall findings suggest that myriad broad governance issues have limited the effectiveness of sub-national planning. The main issues are related to high levels of centralisation in governance, reinforced by a number of factors listed below.

Provincial planning[78] is systemically disempowered by the centralised control of development funds and implementation, which is made worse by neo-patrimonialism, resulting in weakened vertical and intergovernmental accountability. Cambodia has a dual planning (and budgeting) system in which the recurrent budget is prepared separately from the capital or development budget. The recurrent budget covers spending such as payrolls and O&M, while the development budget is prepared and determined based on projects or programmes, most of which have been pre-negotiated between the government and donors. The development budget is used to implement programmes or projects listed in the Public Investment Programme. Also very common is the centralised implementation of development projects.

The roles, functions and responsibilities of sub-national government are not clearly defined, creating an unclear institutional responsibility for service delivery towards poverty reduction. The budget that comes down to the provincial departments is mainly recurrent, known as Chapter 10 (payroll), Chapter 11 (administrative) and Chapter 30 (social intervention). The development budget belongs to the central agencies in that it is recorded in the book of the ministry and that its use has to be authorised by the ministry. The provincial departments do not have their own development funds. The centralised control of development funds and centralised implementation create monumental challenges for provincial planning in its quest to promote accountability.

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[78]   Sub-national planning here includes the plan of the provincial line departments and the province-wide five-year provincial development plan and the three-year rolling provincial development investment programme.

Sub-national planning, because development funding and implementation are centralised, is often simply a "wish list" because it is prepared without any knowledge of available resources. Provincial department planning is like a fishing line with many hooks, thrown out in the hope that some of the activities listed might be taken up by the ministry. It is thus difficult to expect the provincial departments to be accountable to either the ministry or the commune council.

Provincial planning lacks horizontal coordination and scope due to unclear development mandates and centralised decision making for development projects, all of which weaken horizontal accountability. Achieving some common goals (poverty reduction, public health and education) requires coordinated actions among relevant authorities at every level of government, or horizontal accountability. Horizontal accountability means that all relevant provincial departments coordinate their work so as to achieve certain common goals that could not be achieved individually. Horizontally coordinated planning is essential to achieve the scope needed to attain broad-based goals. For example, in order to improve agricultural productivity, the Ministry of Agriculture and the Ministry of Waternnesources need to work closely together to make sure that the planning, budgeting and implementation of their activities all respond to the goal. The same could be said of the effort to reduce the HIV/AIDS prevalence rate. The Ministry of Health alone cannot reduce the infection rate; active support from educators, social workers, donors and civil society organisations is also needed.

All provincial departments also submit their development plans to the governor's office to be consolidated into a province-wide five-year provincial development plan or three-year rolling provincial development investment programme.[79] The PDP or PDIP, when done with proper coordination among departments, awarded adequate, predictable, transparent and reliable funds and enforced by the governor's office, could produce horizontal accountability. Yet, each department prepares its plan in a "silo" without any meaningful reference to or coordination with the others. In addition, the roles and responsibilities of the governor's office for enforcing such coordination have not been formally defined.[80] Therefore, PDP or PDIP, as they are understood to be enforced by the governor's office,[81] try to reach into a planning function that has not been formally assigned to the governor's office or any other agency. As a result, the PDP and PDIP are merely a formal exercise to "compile" plans rather than a planning process effective in delivering horizontal accountability.

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[79] The PDP or PDIP is a plan for the entire provincial administration, not any individual department.

[80] Field interviews, anecdotal evidence and reading of governor's office budget spending categories.

[81] This is not to contradict the fact that the roles of the governor's office have not been formally defined. The PDP and PDIP are province-wide development plans, and it is generally believed that it is the responsibility of the governor's office to enforce them although there is no law requiring it to do so. In the province, the PDP or PDIP are generally referred to as the "plan of the governor's office".

The SEILA programme revitalised sub-national planning, and this promoted primary, intergovernmental and horizontal accountability, to a degree, by making funds available and strengthening or creating the necessary institutions. However, for all their strengths and new contributions, these programmes lacked real coordinating power in several dimensions. This was partly due to wider realities including neo-patrimonial influence and partly to the programme's own scope and mechanisms. The positive changes that SEILA made in relation to accountability include the 11-step local planning process to formulate a five-year commune development plan or a three-year rolling commune investment programme and a variety of funds to implement a range of plans. The CSF is a fiscal transfer from the central government to the commune council, designed to be joined to and used to implement the CDP/CIP. The CSF, although not all of the other (donor-funded) transfers associated with it, has already been formally institutionalised as part of the government's public expenditure budget.

The donor-resourced Provincial Investment Fund is made available to provincial departments to enable them to plan their development activities with reliable funds, ideally to support the commune-identified priorities (thus reinforcing the LPP and CSF, and their upward and downward accountabilities). To promote linkage and coordination among actors in local development, the LPP was designed to include the DIW, where all actors come together and seek the best ways to support the myriad priorities locally expressed through the previous seven steps. More recently, the DIF was also piloted to re-energise the district administration in promoting local development, especially in supporting the commune council. None of these attributes were in existence before SEILA.

SEILA also created a single platform for project implementation, which enabled some donors and NGOs to transfer resources in a coordinated fashion, while aiming to retain the focus on commune participation and decision making.

Despite the positive changes, the LPP, CSF, PIF, DIW and DIF all have limitations in their ability to advance accountability, mainly because the processes and funds associated with SEILA were not fully connected to the centre. Without formal linkages with the higher processes and funds, especially to recurrent and capital funds coming down through line ministries, departments and donor programmes, the impact of SEILA processes and funds on integrated planning and horizontal and vertical accountability was weakened. These processes and funds were also susceptible to manipulation by neo-patrimonial influence (which is part of the reason SEILA avoided mixing its money with these budget lines). Another notable limitation was the fact that neither the SEILA participatory planning (LPP) nor the elections for commune councillors and chiefs have achieved the level and scope of primary accountability that would make government services and other official functions (such as regulation of primary livelihood resources) truly responsive to the people's needs and wishes. This is not SEILA's fault; it merely shows some of the limitations of trying to build accountability from the bottom up.

The many donor and NGO projects, while delivering services in the short term, could introduce fragmentation that hampers efforts to achieve accountability in the long run. There is a great variety of donor programmes (especially vertical programmes) and a proliferation of NGO projects, many of which provide issue-specific support, focussing on narrowly defined problems and aiming to improve the lives of local people. While the positive contribution of these programmes and projects should not be understated, it is essential to understand the unintended negative consequences of such an approach, which has established a "path dependency" that largely favours an accountability based on short-term and quantifiable results rather than on long-term sustained systemic outcomes.

In all these areas, informal, political and neo-patrimonial aspects of Cambodia's governance structures influence planning and accountability. As the paper has argued, they are not the central problem, but, together with the other issues and weaknesses in the system, they have a powerful disabling effect on many aspects of accountability.

6.2. OUR UNDERSTANDING OF THE GOALS OF D&D REGARDING ACCOUNTABILITY

This is the context within which the proposed D&D reforms will operate. At the time of writing, important details of the D&D reform are yet to emerge clearly. The Strategic Framework for D&D adopted by the government in mid-2005 was the only document that provided far-reaching visions of what the government intends to achieve with D&D. One thing clear is that the government perceives the reform as very deep, prompting substantial changes to how government agencies work and relate to citizens.[82]

The current poor and uneven delivery of important government services can be attributed to three interlocking features of current arrangements, many of which we have touched on above (Porter and Smoke 2006: 21–23). First, the focus on security and political stability has created disincentives to address corruption. While stability and much security have been achieved, powerful patronage networks have been consolidated into the formal bureaucracy. These appear to have contributed little to wider democratic development, pro-poor service delivery or regulation of public good and markets. Second, public service norms and rules for policy making and execution have been subordinated to the imperative of reinforcing neo-patrimonial networks, undermining good governance (*ibid.*). Third, while the technical capacity of government staff has improved, governance remains fragmented and unaccountable. Sub-national service delivery and regulation of markets and public good are characterised by a confusing mix of centralised, decentralised and deconcentrated arrangements in which multiple programmes compete, responsibilities overlap, implementation relies on top-down instruction and off-budget salary incentives, and there is little inter-ministerial coordination or responsiveness to local needs and demands (*ibid.*).

The D&D reform is designed to overcome the challenges of these three interrelated features to realise democratic development. It is expected that this will be a very daunting undertaking. Broadly, the D&D Strategic Framework aims to restructure sub-national governments politically by instituting electoral accountability through indirectly elected institutions that are accountable for their decisions. The vision calls for a "unified" administration (but with a clear definition of this still to emerge), which will substantially alter the way in which sub-national, especially provincial and district, governments carry out their functions—for example, in the planning and management of public human resources and expenditure. The vision calls for greater horizontal coordination among sub-national actors because this is crucial to making sure that their activities and resources are optimally used to achieve democratic development.

In summary, icble 10 lists some key governance challenges and the expected policy responses from the D&D reform (Porter & Smoke, 2006).

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[82]   See Memorandum of the Deputy Prime Minister/Co-Minister of Interior on Preparation, Processes and Implementation of Organic Laws (2 June 2005).
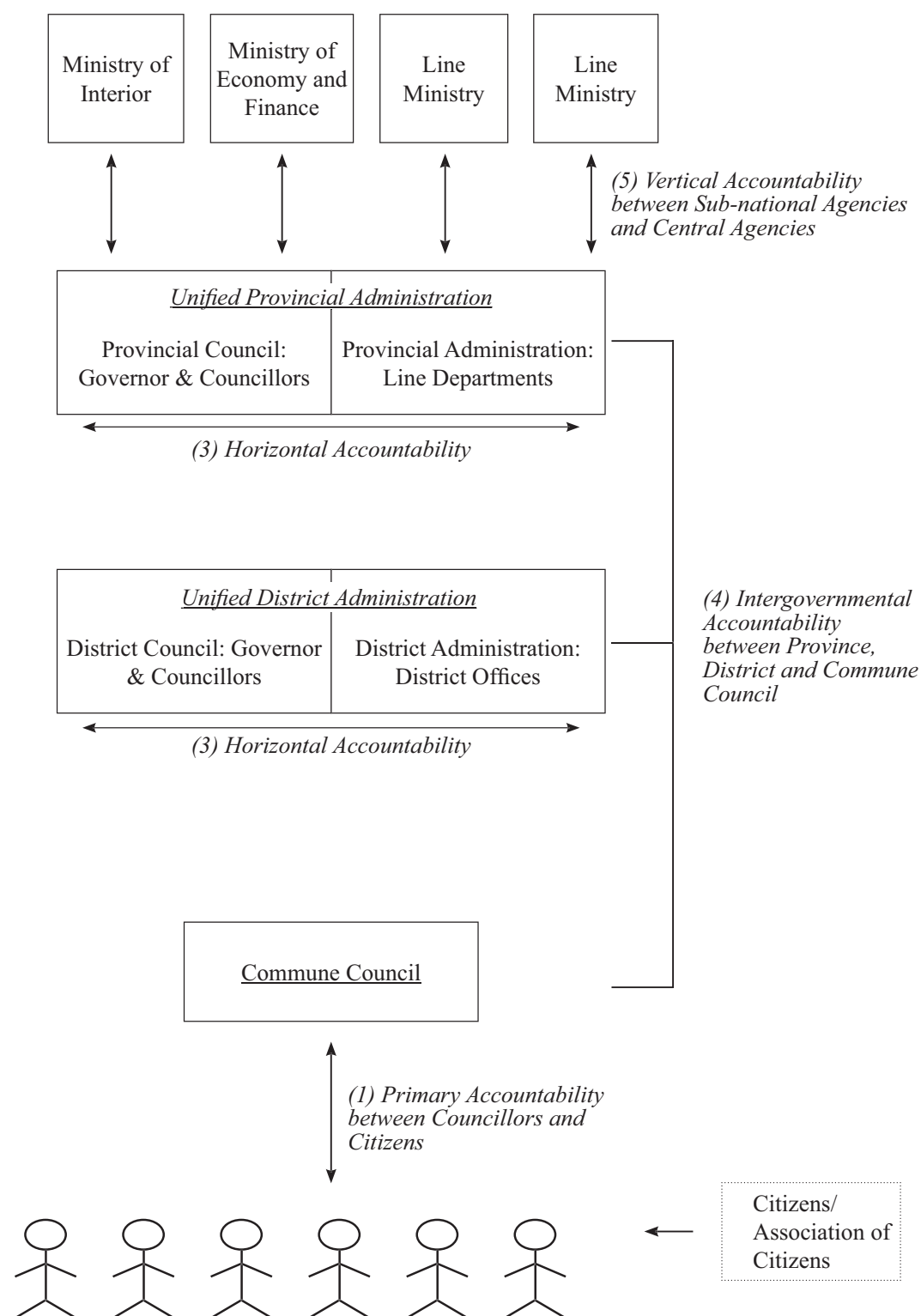
Table 10: Governance Challenges and D&D Policy Responses
(from Rohdewohld & Porter, 2006)

Key Governance Challenges	D&D Policy Response/Intention
1. Unresponsive political leadership, poor downward accountability and "elite capture"	1. Elected commune/district/province councils will be prime mechanism for accountability to citizens. 2. Insistence that non-government agencies coordinate or integrate with commune, district and provincial planning and budgeting so as to reinforce electoral accountability. 3. NCDD engagement with "social accountability" and "governance demand" projects to be integrated with D&D programme.
2. Poor administrative performance and responsiveness to elected leaders	1. Sub-national administrations will be accountable to elected councils. 2. Delegation of functions to provinces, districts and communes to be matched by control over development funds and recurrent/staffing funds. 3. Delegation to sub-national authorities likely to include aspects of employer functions. 4. Phase out off-budget salary incentives through public service remuneration reform. 5. Clear responsibility assignment for administrative and elected organs so as to depoliticise administration.
3. Multiple conflicting assignments of functions to different levels of government	1. Clear assignment and transfer of functions to sub-national authorities, following principles of subordination and intergovernmental accountability.
4. Geographic and sectoral inequality in distribution of funds, biased against remote areas and disadvantaged populations	1. NCDD annual work plan and budget process specifically concerned to equalise aid-financed activities. 2. Commitment to create a system of intergovernmental fiscal transfers, including for equalisation and to encourage pro-poor budgeting. 3. Aid harmonisation/alignment target to shift toward budget support modality by development partners.
5. Fragmentation, poor inter-departmental coordination	1. Unified administration in each sub-national authority, backed by common planning, budgeting and monitoring procedures.
6. Poor integration of national and sub-national administrations	1. Commitment to reform budget process and treasury functions, and create national accounting and audit systems. 2. Commitment to create a system of intergovernmental fiscal transfers.
7. Ministry resistance to delegation of functions/powers.	1. Organic law to provide specific powers to [sub]-national authority, and procedures to enforce its decisions.
8. Multiple conflicting vertical programmes financed by development partners exacerbating the above problems	1. Commitments between government and development partners to harmonisation and alignment targets. 2. Government-development partner agreement on D&D, to encourage alignment, reduce parallel systems, harmonise reporting systems and procedures.

The manner in which the government will deal with these issues depends on further elaboration of policy, the scope and character of an organic law yet to be enacted and subsequent implementation of a national programme. But, as the above table illustrates, there is clear evidence in national policy announcements and debate that eight key challenges, and means to deal with them, are firmly on the D&D agenda. Key governance issues and challenges are evidently being debated and solutions being defined. But it cannot be assumed that these issues and challenges will be adequately addressed in forthcoming laws and practices (Porter & Smoke, 2006).

The foregoing analysis concerns the broad policy goals of the D&D reform and provides some perspectives on how those goals are going to be pursued. Figure 9 illustrates the new set of broad accountability relationships that the D&D reform aims to promote. The details of these accountability relationships are expected to be further clarified with the enacting of the organic law and related regulations, which are still in draft form. These relationships include (i) primary accountability between the commune council and its citizens, (ii) horizontal provincial and district accountability through indirectly elected councils, (iii) intergovernmental accountability between provincial and district councils and commune councils and (iv) vertical accountability between sub-national and central governments.

Figure 9: Accountability Relationships Envisioned by D&D Reform

Ministry of Interior | Ministry of Economy and Finance | Line Ministry | Line Ministry

(5) Vertical Accountability between Sub-national Agencies and Central Agencies

Unified Provincial Administration

Provincial Council: Governor & Councillors | Provincial Administration: Line Departments

(3) Horizontal Accountability

Unified District Administration

District Council: Governor & Councillors | District Administration: District Offices

(3) Horizontal Accountability

(4) Intergovernmental Accountability between Province, District and Commune Council

Commune Council

(1) Primary Accountability between Councillors and Citizens

Citizens/ Association of Citizens

6.3. FROM D&D POLICY TO D&D IMPLEMENTATION: RECOGNISING CONSTRAINTS AND REALITIES

Progressing accountability in concept and policy is rather easy, but achieving it requires a great deal of long-term commitment from all concerned. These efforts are constrained by the wider challenges that are part of the political economy of Cambodia—what this paper calls neo-patrimonial governance. It is therefore critical to have a deep understanding of these big-picture challenges and what is possible before drawing strategies to progress from D&D policy to D&D implementation.

Cambodian historical, cultural and socio-economic milieus hinder some aspects of accountability reform. Having gone through several regime changes with no peaceful handover of power, the citizens still show a great preference for stability. Habits of conflict avoidance and structured hierarchy within the bureaucracy remain a fact and stifle or weaken bottom-up innovation. One fundamental premise of D&D is that democratic development will be realised when local governance is strengthened and local development is achieved: both are dependent on the existence of a much stronger lower bureaucracy that is given some space to think creatively and independently and act on those ideas. Given the history and culture, it is not very likely that the "looking upward" tendency of lower bureaucrats can be overcome in the foreseeable future. The difficulties can be seen in popular sayings used by many government officials:

> *"If they are like this, we have to be like this."*

> *"Don't be a bone in the throat."*

> *"Don't put the glue under your arm."* (Refers to the adverse consequences of going against the prevailing norms.)

> *"You eat fish if you are easy going, but you eat salt if you are serious."* (Means that you will gain if you go with the norms.)

Cambodian culture believes in karma, face-saving and appreciation of benevolent leaders. Such beliefs enable leaders to be seen as accountable by spending some of the wealth obtained through neo-patrimonial activities to build temples, schools or dams or support Red Cross activities (Pak *et al.* 2007). These works are named after individuals, further legitimising them. Personal relationships and connections are very important in public life and especially in public office advancement (Eng *et al.* 2007). This creates a vicious circle of networks reaching into the future and reinforcing neo-patrimonial networks (Ojendal & Kim, 2006).

The ability of political elites to seize and hold important resources and functions makes D&D reform objectives difficult to realise. Democratic development can be attained only when resources and functions are appropriately delegated and devolved to lower authorities. Particularly in Cambodia, the delegation of resources and functions means letting go of power and sources of wealth, something that political elites are not keen to do. As this paper (and two others: Pak and Craig 2007; Eng *et al.* 2007) argue, the central political elites are well versed in ways to keep important resources and decisions at the top.

Given this, the ability of lower authorities to generate and carry out creative policy in the formal system is very limited. Reform-minded officials are reluctant to push initiatives for fear of running into vested interests, which could have immediate consequences. Reforms such as D&D are most likely to be achieved only when high political figures are keen and

willing to leverage their political connections to find safe ways to move them forward. This makes clear that reformist policy making cannot be pushed through without political support.

Geopolitics limits the alternatives for change, and there is a growing understanding of weaknesses and limits of donors. There are limited possibilities to create incentives for substantial changes to the current governance arrangements, especially in light of the expected revenues from oil and gas and the growing influence of official development assistance from China. Likewise, donors are aware of how the government functions, yet find it difficult to introduce changes. The interest of donors focusses more on achieving MDGs and short-term service delivery than on long-term institutional changes that require deep, broad and long-term engagement with the neo-patrimonial networks within the formal bureaucracy. The networks are often successful in manipulating the good intentions of the donors to their own benefit. Neutralising the negative impacts of neo-patrimonial networks will be a daunting task. It is not wise to neglect these networks by trying to set up systems that avoid contact with them (e.g. through a triangle relationship in service delivery separating client, contractor and technical monitoring officers) because they always find ways to become part of the economy created by donor systems and funds.

Many interrelated reforms have been initiated and backed by different donors, yet they have not been implemented in a clear sequence, stalling overall progress. Broadly, the manner in which these reforms were executed created two outcomes: first, a series of partial reforms that mean that parts of certain sectors now have plans and funds better aligned than others; second, an overall log-jam of reforms in which none can really move ahead without the others. Partial and log-jammed reforms contribute to a complex and confusing situation, in which institutional arrangements are piled up or layered on top of each other, but none is able adequately to reform the system. Faced with this complexity, donors and new reformers are apt to secure their own programmes by making them more vertical and less integrated, thus compounding the problem. Ultimately, these major reforms require coordinated implementation if the log-jam is to be cleared and the accountability envisioned by the D&D reform is to be sustained.

6.4. THE CURRENT SITUATION OF D&D AND ACCOUNTABILITY: STRATEGIC CONTEXT AND OPPORTUNITIES

Analysing the constraints and opportunities suggests that while many problems are hard to address, there are areas that can be impacted or changed in the short term. Here, while there are clear areas within planning practice *per se* that can be addressed, it is also clear that such changes will depend ultimately on wider issues. It is therefore important that, before proposing planning–specific reforms, this paper lay out some more contextual features and tactical approaches that could promote a shift toward more accountability through D&D. Here are some possibilities:

Champions and leadership matter. There are individuals within and outside the government who push for improved government accountability. The potential of reform champions and leaders regarding demand for better government accountability is under-explored in Cambodia. A recent initiative by the World Bank, named Demand for Good Governance, focussed on building stronger demand for accountability from inside and outside government. Reform champions in the government are those with rather senior positions and a passion to see positive changes. These individuals are important transmitters of change. But capable and technically competent individuals can not achieve change unless they have strong *ksae* and *khnang,* know when, who and how to approach an issue and are skilled at negotiating

with higher political figures. Other studies prove that success and progress in Cambodia have tended to be made in small, separate "enclaves" and later spread outward; rarely has a wholesale, comprehensive institutional change in one round been achieved and sustained. It is also crucial to note that neo-patrimonial networks do not consume everything (World Bank 2007: 151–182).

Electoral politics envisioned by the D&D reform seem likely to work in the interest of governing elites. The proposed rearraninment of district and provincial administrations by establishing indirectly elected councils clearly provides advantages to existing elites: it dilutes opposition gains in the commune election and reinforces control of the rural political base. From this perspective, it is of advantage to the CPP to progress the D&D reform in order to strengthen its electoral base. Yet changes will occur as D&D progresses, and that provides the basis gradually to orient to support the many accountability relationships envisaged by the D&D reform. For example, although currently sub-national governments do not have major roles in development, they will be increasingly important for central neo-patrimonial interests. For their loyalty and support, they could demand that central interests delegate or devolve more resources and functions to them. When this happens, the sub-national government could become either another layer of neo-patrimonial interests or an effective service deliverer. It is essential to ensure that the delegation or devolution of resources and functions from Phnom Penh is oriented toward the latter.

Finally, *demographic change and changed expectations will contribute to areas in which D&D could have impact*. An increasing share of the population was born after 1979. This large population does not have strong memories of the Khmer Rouge. They have little memory of the stability and peace dividend that is part of the strength of the governing elites, and they cannot connect with the old generations and the revolutionary period referred to in the slogans of the elites. Furthermore, the many educational opportunities within Cambodia and abroad as well as interactions with the outside world (including via media) have created expectations as to how government should act vis-à-vis its citizens. Another important factor is the emerging middle class and private sector, which are increasingly demanding greater accountability from government. This burgeoning middle class, with wealth and knowledge, may become a new political base for governing elites to appease; doing that requires greater accountability because the middle class cannot easily be politically manipulated.

6.5. POSSIBLE WAYS TOWARD D&D IMPLEMENTATION

There are many accountability relationships that the D&D reform intends to advance. The existing primary accountability between commune councillors and the citizens has been a central focus. Yet looking ahead to broader D&D reform to achieve democratic development, more needs to be done.

The questions to which this and two other associated papers in our research are seeking answers are what more to do and how to do it. The following points deserve careful attention.

The mainstream government system is weak. The papers of this series show the weakness of the formal government system in promoting primary and other forms of sub-national accountability. This paper also illustrates that all aspects of sub-national planning and accountability remain frail despite reforms promoted by donors.

Neo-patrimonialism is the basis of the system's weakness. To understand the weakness and what to do about it, it is vital to understand how patrimonial networks occupy the formal system to obtain their own benefits, formalise and legitimise those benefits through manipulation of bureaucratic systems and procedures and give rise to informal accountability based on patrimonial connections. Yet neo-patrimonial networks do not exclusively occupy the formal system. There are areas that can be affected or which have changed. The impact could be derived from the existing environment, when politically connected individuals wish to create good outcomes, as witnessed in the case of Phnom Penh Water Supply, discussed in Eng *et al.* (2007). It could also come about as a result of the emerging opportunities mentioned above.

Engage more creatively with the mainstream government system. To achieve and sustain sub-national accountability and pro-poor service delivery, there is a need to engage with and not bypass the province, district and commune governments, however weak and vulnerable they are. The engagement has to be conceived as a long-term process to advance institutional changes. Such an engagement has to take into account history, culture, religion, norms and traditions of loyalty and hierarchy within the family and wider settings, and political changes over time.

Emphasis is placed on the role of cultural, political and bureaucratic norms in shaping longer term institutional outcomes because the norms of loyalty and hierarchy are crucial to everyday governance in Cambodia. Historical institutional approaches also note that institutional reforms often fail to create comprehensively new arrangements; rather, the institutional environment tends to become more complexly layered, as new reforms are added alongside old ones, and as neo-patrimonial interests and groups with veto power defend the parts of the existing system that give them power and rewards (Thelen 2004; Pierson 2005). What in Cambodia today are called parallel systems are often really layered systems, with the donor's project implementation units and vertical programme sitting in or alongside other parts of a system that are either not transformed or are made more starkly patrimonial in order to support existing transfers and relations.

A longer term view of institutions seeks to understand the real contexts of existing norms and institutional forms, and to interact with these to produce better, if by no means perfect, arrangements. Engaging these sub-national norms and practices is crucial to the longer term success of Cambodia's D&D.

Seek better understanding of reality, constraints and possibilities in the areas to be reformed. To introduce reform in a sector, there is a need to have a more elaborate understanding of the form of governance that is likely to prevail in that sector and find ways to engage accordingly. What would a more elaborate engagement look like? *What more?* These papers argue that attention should be paid to the following:

- personal and systemic incentives, resources and rewards in the governance arrangement;
- personalised norms and political leadership and strategy of key individuals that enable them to obtain better accountability outcomes;
- the nature of central-local government relations;
- core structural elements like planning, public finance and human resources;
- promotion of local political dialogue based on policy and research-based evidence;
- the nature of demand of the emerging middle class and private sector; and
- likely effects of various donor modalities in relation to the above.

6.6. ADVANCING SUB-NATIONAL ACCOUNTABILITY THROUGH PLANNING UNDER D&D REFORM: AREAS TO WORK ON

This section discusses specifically what can be worked on in sub-national planning so that it can be an effective instrument to promote accountability. The paper has shown that sub-national planning, whether part of the government's formal planning or a process introduced and supported by donors, is not able to advance the accountability relationships that already exist. Looking forward to the implementation of a D&D reform whose one important objective is to enhance an even more complicated set of accountability relationships, current sub-national planning has to be seriously altered and improved if it is to be useful. Areas that must be addressed include:

- **Connect sub-national planning to adequate, predictable, transparent and reliable funds and human resources.** Planning is a tool to drive accountability, but accountability cannot be sustained without links to development and O&M funds and commensurate human resources to act on the plans. For example, the plans of commune councils, districts and provincial administrations receive a certain amount of funds via government transfer or donor-funded initiatives, but they are not effectively integrated together or into national development planning in ways that produce greater accountability. In order to connect sub-national planning to the resources it needs and in the ways it needs, we need to know the missing link. Of special importance is to understand how better alignment of funds and human resources with both recurrent and development planning can be realised. This alignment, given that donors' aid accounts for a major share of government development funds, will need a degree of harmonisation and alignment from donors too, for national, sectoral and sub-national projects. For example, the alignment of funds and human resources to planning could be done via the process to develop Poverty Reduction Strategy Paper (PRSP) for the country at the national level. Similarly, the alignment could be strengthened sectorally where mechanisms already exist such as sector-wide approaches in education and sector-wide management in health. Once national and sectoral alignment is achieved, sub-national alignment in terms of implementation is rather straightforward.

- **Improve horizontal coordination and the scope of sub-national planning.** Sub-national planning, as an instrument to advance accountability, needs sufficient horizontal coordination and scope to enforce coordinated action among relevant provincial departments. Coordinated planning and actions are especially critical when attempting to achieve broad-based goals that concern public health or public good issues involving primary and common property resources. Alignment of territorial and population needs, assessed technically, with political incentives and accountabilities to deliver good outcomes on the ground is essential. This could begin with the clarification of mandates, assignment of functions and transfer of commensurate resources. But it will need to move to a consideration of how planning and horizontal coordination could address issues like poor people's secure access to common property resources.

- **Build on the positive changes in sub-national accountability instituted by reforms such as SEILA.**[83] SEILA introduced many changes to sub-national accountability. Despite its limitations, technical refinement of the positive changes warrants serious attention. The programme's success was mainly achieved through a learning-by-doing

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[83]   Also see a case of the Priority Action Programme in Pak and Craig 2007, and a case of public human resources in Eng *et al.* 2007.

approach that took into account some of the prevailing social, cultural, political and administrative factors. It started off on a small scale to deal with easy issues such as building up basic administrative structures to implement rural development projects and over time expanded into other areas that the political environment permitted. The experience demonstrated the limitations encountered in the context of neo-patrimonial governance. At the same time, however, SEILA also created an effect from "keeping on saying it", emphasising and re-emphasising better primary, horizontal and intergovernmental accountability. All this, however, will have only limited effects unless basic obstacles identified in this paper are engaged with, and the scope of sub-national coordination and alignment is genuinely increased. Thus the positive changes need to be strengthened in ways that can overcome the limitations.

- **Encourage donors and NGOs to move away from solo vertical or all-about-service-delivery project planning towards more integrated and coordinated delivery of aid.** There is ample evidence that the lack of coordination, harmonisation and alignment does a lot of harm to efforts to enhance accountability and reduce poverty (RGC 2007). Locally, the adoption of issue-specific vertical programmes has induced fragmentation that hampers efforts to achieve accountability in the long run. Nonetheless, there has been some movement toward more coordinated delivery of programmes or projects. Example iinclude sector-wide management in health, a sector-wide approach in education and a programme-based approach in land. While these approaches are still in their early stages here, they have proved effective in other countries that have similar governance characteristics.

- **Overall, neo-patrimonial networks have powerful disabling effects on sub-national planning and accountability, yet could be encouraged to be less obstructive when reforms produce non-threatening demonstration effects.** These papers have consistently shown the negative effects of *ksae* and *khnang* on planning (or public personnel management and public expenditure management), making it extremely difficult to promote sub-national level accountability. But they have also illustrated that neo-patrimonial interests could be given incentives to create good results, particularly when demonstration effects could be used. Some previous examples include the LPP of SEILA, which dealt with rural development while national politics was still sceptical, or the PAP in education, which was post-audit[84] but dealt only with operational funds of primary schools (see World Bank *et al.* 2005; Pak and Craig 2007). In both cases, the aim in relation to planning was low but achieved, with clear demonstration effects. Certain structures and processes of SEILA proved to be effective in delivering rural development projects (mainly infrastructure) and not substantially counter to neo-patrimonial interests. Similarly, the PAP demonstrated lower leakage of funds than the regular pre-audit system (World Bank *et al.* 2005). Extending these positive changes into more sectors can further promote demonstration effects.

All in all, this paper shows that there have been and continue to be many constraints on the efforts to promote sub-national accountability in the context D&D. The most worrying constraints are the neo-patrimonial networks that exist alongside the formal bureaucracy and are ready to manipulate it to serve their interests, although it is being reformed. The paper also shows that there are opportunities that can be tapped to advance accountability. To conclude, reforms do not "stick" if they do not involve local politics and political gains.

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[84] Meaning that the spending agency can spend first and prepare a report later, as opposed to the pre-audit system, which requires the spending agency to get approval before money can be spent. See Pak and Craig 2007 for more.

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