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# **Cambodia's Seila Program: A Decentralized Approach to Rural Development and Poverty Reduction**

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## **Executive Summary**

The Seila Program of the Royal Government of Cambodia is an aid mobilization and coordination framework to support the country's decentralization and "deconcentration" reforms. It was launched in 1996 as a government experiment in poverty alleviation in rural areas. *Seila* means "foundation stone" in Khmer Sanskrit.

In the early 1990s Cambodia emerged as a socially and politically fragmented country with an acute need for reconstruction and reconciliation. It was marked by the legacies of prolonged and extreme violence, deep and widespread poverty, lack of social trust, and deep suspicions with respect to government intentions. It had experienced a systematic destruction of human capital; rural society suffered from both deficits of credible political ideas and of respected local leaders. In general the rural population avoided engagement with the state. There was thus a crucial need for a development program that could simultaneously address social fragmentation at the local level while increasing the legitimacy of local administration.

### **Implementation process**

Immediately following the democratic elections in 1993, high levels of aid were programmed for Cambodia. In 1994, the UNDP Cambodia Reintegration and Rehabilitation (CARERE) project began to confront the inherent unsustainability of direct implementation and the long-term dimensions of governance capacity development. In agreement with provincial authorities, pilot activities commenced with a focus on governance, participation, and new systems for planning, financing, and implementing local development. These were seen as prerequisites for shifting responsibilities to Cambodians themselves.

Based on early pilots, the Seila Program was launched in 1996, supported by a redesigned second phase of the CARERE project (CARERE2). It was introduced as a government experiment in poverty alleviation in rural areas through the design, implementation, and continuous strengthening of decentralized systems for planning, financing, and implementation of local development at the province and commune levels. Seila is a complex program consisting of many related dimensions that address both nonmaterial and material aspects of poverty.

During the first five-years of implementation, 1996–2000, Seila piloted and continuously strengthened new systems for decentralized and deconcentrated planning, financing, and implementation in one-third of the country's provinces and communes. In this first phase, considerable emphasis was placed on the village level and the election of Village Development Committees (VDCs). These VDCs were different from the previous political/administrative, top-down appointed village leadership. Special attention was taken to ensuring the inclusion of women as well as men through a quota system.

Under Seila's second five-year phase (2001–05), the program continues to support the design and implementation of the decentralization policies that were under formulation. In addition, it has been tasked with mobilizing and coordinating external development assistance in

support of the national decentralization and deconcentration policies—the commune level Local Development Fund (LDF) and the Provincial Investment Fund (PIF). By 2003, the government was managing Seila through appointed government committees at national, provincial, and district levels, and through elected members at commune level.

### **Impact analysis**

Seila/CARERE2 seems to have struck the right balance between introducing and piloting new ideas and additional resources, and creating the conditions for broad-based participation among local and subnational authorities—all without posing threats to the central government.

The most common types of small-scale public investments financed through the local development funds have been rural roads, schools, water supply schemes, and irrigation. First, assessments undertaken in five provinces verify that economic benefits have been spread across socioeconomic groups in the communities where projects are focused. Some, such as road improvements, are general, while others benefit specific groups, such as students, well users, and farmers. The investments show a high rate of economic return.

Second, there has been a notable attitudinal change among some local officials. After five years of Seila's operation, the civil administration has been transformed from one uninterested in development and plagued by inefficiency to one staffed by decently educated technocrats concerned with administering bottom-up processes and good governance. Local democratic practices are slowly emerging at all levels of administration throughout Cambodia.

Third, Seila may also have had a profound and long-term impact on public administration and development in Cambodia with respect to the design of the national decentralization policy. Through Seila, for the first time, bottom-up processes for development planning and implementation were made a cornerstone of a government program.

### **External catalysts**

International finance and development partners have to some extent influenced societal change in Cambodia since the UN operation in 1992–93. In a country such as Cambodia—with its comparatively weak political and administrative structure and lack of self-generated funds—the role of donors and their influence on the scope and approach to development is strong. International development trends have thus pervaded Cambodian society. It is fortuitous then that the emerging development trends of the mid-1990s focused on poverty alleviation, decentralization, and local governance. This provided the right compromise between the need to “bring the state back in” on the one hand and the “participation revolution” on the other. Other ideological positions could have led the project in entirely different directions.

## **Lessons learned**

Seila was designed to be a process-oriented experiment in integrated decentralized planning and financing with a learning-by-doing approach to capacity building. The key operational device has been to constantly assess, learn, reflect, revise, and adapt to the issues and challenges that emerge.

The initial program document was therefore visionary in its character and rather vague on the practical details. It was rather unclear with respect to the relationship between various activities and the development objectives, and was not based on a logical framework analysis. Such an approach broke with both the typical management culture within international development organizations and with the perception of typical management and political practices of Cambodian state authorities. Being experimental and adaptive, however, necessitated a reflexive approach to changing strategies and policies. At times “change fatigue” set in, but the experimental approach would not have been credible and probably not successful without constant change.

Seila/CARERE2 had to live with failures as an integral part of the implementation process. The program management frequently faced critical decisions about how to proceed in light of inadequate or nonfunctional processes. It was only by acknowledging previous failures that these decisions could have been taken. One obvious example was the acknowledgement that CARERE had failed in terms of participation and sustainability. This led to the redesigned Seila/CARERE2 approach, which has been a success.

## Implementation Process

The Royal Government of Cambodia's Seila Program is described today as an aid mobilization and coordination framework to support the country's decentralization and deconcentration reforms.<sup>1</sup> It is collectively undertaken by ministries and national institutions most directly concerned with local development and decentralization and deconcentration policies and is implemented at different tiers of government.

Under a first five-year phase of implementation, 1996-2000, Seila piloted and continuously strengthened new systems for decentralized and deconcentrated planning, financing and implementation in one third of the country's provinces and communes. Having positively evaluated performance and outcomes, in 2001 the Royal Government passed legislation and elected local governments in all 1,621 communes of the country. Under a second five-year phase of Seila, 2001-2005, support from two IFI's, four bilaterals and the UN System is being programmed annually at commune, province and national level to support the design and implementation of the new decentralized regulatory framework, continued piloting of deconcentrated structures and systems, capacity development and the delivery of a wide range of services and investments throughout all 24 provinces of the country.

Seila<sup>2</sup> is complex and consists of many inter-related dimensions. Seila incorporates concepts, building on the four abiding principles of dialogue, clarity, agreement and respect. It introduces decentralized and devolved regional and local level development planning through participation, empowerment, gender equity, and good governance, including transparency and accountability. Seila is systems and structures defining roles and relationships between actors, methods, techniques, tools, administrative routines and modes of management. Seila is also an operational program with decentralized financing of public investments and services for poverty alleviation. The program has evolved within a dynamic and rapidly changing economic and political environment. It has been responsive to contextual developments in Cambodia, while the program itself has also contributed to driving contextual changes.

### From relief to sustainable development effort...

Seila emerged as a response to the policy and systems vacuum and unclarity of institutional mandates that characterizes many countries emerging from prolonged conflict. Immediately following the democratic elections in 1993, high levels of IDA were programmed for Cambodia,

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<sup>1</sup> The decentralization reforms are in the initial stage of implementation, while the deconcentration reforms are still under development. Decentralization—focus thus far has been on devolving political authority to the new semi-autonomous elected Commune/Sangkat Council, establishing an initial set of responsibilities for local development and administration and the transfer of resources from the national level, through the Commune/Sangkat Fund, to support the implementation of these responsibilities. Deconcentration—intended focus is the transfer of administrative powers and functions from national to provincial and district levels as well as from line Ministries to their provincial departments.

<sup>2</sup> Seila is a Khmer/Sanskrit word meaning “foundation stone”.

arriving at a time when the government was preoccupied with nation building and the centralization of State authority. With enormous rehabilitation requirements but little to offer to donors in the way of transparent and effective governance structures and systems, direct implementation modalities and project structures were largely adopted.

In 1994, one such project, the UNDP Cambodia Reintegration and Rehabilitation (CAREERE), began to confront the inherent unsustainability of direct implementation and the long-term dimensions of governance capacity development. In agreement with provincial authorities, pilot activities commenced with a focus on governance, participation and new systems for planning, financing and implementation of local development as prerequisites for shifting responsibilities to Cambodians themselves.

Based on early pilots, the Seila Program was launched by the Royal Government in 1996, supported by a redesigned second phase of the project (CAREERE2), as a government 'experiment' in poverty alleviation in rural areas through the design, implementation and continuous strengthening of decentralized systems for planning, financing and implementation of local development at the province and commune levels.

### **...from experimentation to aid coordination mechanism...**

In its second phase (2001-2005) Seila was constructed to support the design and implementation of the decentralization policies that were under formulation whilst continuing its practical experimentation with deconcentration and institutional development. It was further designed to strengthen the modalities for mobilizing and coordinating external development assistance in support of the national decentralization and deconcentration policies. To serve these purposes there is a distinction between Seila core and supplementary components.

The core components are firstly to design and operate two general purpose financial transfer facilities - the Commune-level Local Development Fund (LDF), as a precursor to the now regulated Commune Sangkat Fund, and the Provincial Investment Fund (PIF). A second core component is to develop and extend statutory sub-national planning, programming and budgeting procedures as well as related technical cooperation, administrative and logistical support. The multi-donor Partnership for Local Governance (PLG) was formulated to be a support program financing the core components of Seila.

Supplementary components are the design and implementation of central-local arrangements for decentralized planning and implementation of specific sectoral programs through the Seila structures. The PLG also provides complementary technical assistance to support the implementation of sectoral programs within the Seila framework. It thus creates opportunities for the development of additional partnerships between Seila/PLG and national government agencies on the one hand, and between Seila/PLG and other donors on the other.

### **...establishing systems and structures...**

When launching Seila, the Cambodian public sector and administration were weak and in some areas not functioning. Seila being a multi-ministerial program also further touched on inherent conflicts of interests across government institutions. To implement Seila thus meant developing adequate systems and structures vertically and horizontally and building capacity.

The organizational structures developed under the first phase of Seila were by design parallel to the existing administration, which was so badly in need of reform. Nevertheless, mandates and government ownership were retained with all design, review and revision carried out in a broad participatory manner between institutions. The structures are annually modified and adapted to improve efficiency as the program develops, as experience is gained and as the public and administrative context evolves, partially in response to the program itself. At the onset, the support program (CARERE2) had separate support offices and staff in each of the five provinces. There was a sharp reduction in the provision of international technical cooperation over the years corresponding to a rise in national staff capacity. Given the priority of financial accountability and the risk of failure, the provincial level financial system was designed and transferred to the Cambodian administration only after three full years of capacity development and the assurance of broad commitment. The monitoring and evaluation systems were not operational until 1999. These support offices and their advisory staff are now fully integrated within the provincial administrations.

Seila in 2003 is managed by the government through appointed government committees at national, provincial and district levels, and through elected members at commune level. All 24 provinces/municipalities of Cambodia and all elected 1,621 Commune/Sangkat Councils are now covered.<sup>3</sup>

In the first phase, considerable emphasis was placed on the village level and the election of Village Development Committees (VDCs). These VDCs were different in nature to the previous political/administrative, top-down appointed village leadership. Special attention was taken to ensuring the inclusion of women as well as men through a quota system providing 40 percent representation for women on the VDCs. The VDCs ensured that prioritization of needs through planning began at the lowest level and submitted proposed action plans to the commune level where commune wide prioritization took place through interaction between villages. Since the commune elections in February 2002, the village has become a unit of the commune and the roles of the VDC and Village Chief have yet to be clearly defined. Under the Commune/Sangkat Council, a Planning and Budgeting Committee (PBC) has been established consisting of a mix of Commune Counselors and a man and woman representative from each village drawn from VDCs where they exist and Village Chiefs. The PBC assists the Commune Council to prepare the plan

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<sup>3</sup> Seila had an initial coverage of 2 pilot provinces and 4 communes in 1996. In its second year Seila expanded to 5 provinces, 43 communes and a total of 311 villages. The great leap in terms of number of communes happened in 2000 with 217 communes and 1,909 villages covered by end 2000. The great provincial expansion started in 2001 with 11 provinces and one municipality, 318 communes and 2,814 villages covered in June 2001.

and budget ensuring participation within the process and accountability of the elected Commune/Sangkat Council to the electorate.

At the commune level Commune Development Committees (CDCs) were initially formed with one man and one woman representing each VDC, and chaired by the appointed Commune Chief. Since the commune elections in February 2002 the CDCs have been dissolved and their role largely subsumed in the newly created PBC. As the lowest tier of governance, planning and budgeting, the elected Commune/Sangkat Councils discuss and rank priority interventions to develop the commune through the formulation of a five-year commune development plan and a three-year rolling commune investment plan. Priorities in the investment plans of all communes within a district are then aggregated, analyzed and discussed at annual district integration workshops attended by all sub-national government departments, international agencies and NGOs. Through this approach the “supply” of services and investments is increasingly programmed to support the “demand” formulated at the local level. Following the results at the workshops, both the communes and the departments/agencies make final decisions on the use of their budgetary resources and finalize their individual provincial and commune plans.

At the district level, now the lowest administrative level within the State and the strategic level for service delivery, District Development Committees (DDCs) were initially established but continue to lack clarity in the absence of an organic law defining the role of the District. The District is not a level of budgeting and planning in Cambodia and all District government staff are outposted from provincial departments. While the districts now play a role in facilitating district integration workshops, their service delivery functions are largely defined vertically by line Ministries.

At the provincial level Provincial Rural Development Committees (PRDCs) were established under the Chairmanship of the Governor with all directors of provincial line departments, representatives of the military and police and all District Chiefs as members. The PRDCs represent a forum for discussing and reaching consensus on provincial plans for the use of those budgets assigned to the province as a territory (i.e. not all line Ministry budgets). To execute and monitor the implementation of plans, budgets and decisions made by the PRDC, an Executive Committee (ExCom) has been established under the Chairmanship of the Governor to carry out functions associated with execution (financial management, contract administration and monitoring, technical services and local capacity building support to the communes). All activities under the annual provincial work plan and budget are carried out by line departments and the private sector through contracts signed with the Governor. The PRDC and its ExCom have strengthened the identity of the province as a territory to be administered and developed through horizontal interaction while at the same time respecting national policies, strategies and budgets assigned vertically. The Royal Government has commenced the drafting of an organic law for the province and district which is expected to incorporate the salient principles and functions currently carried out by the PRDC and ExCom while enhancing institutional sustainability.

At the national level the inter-ministerial Seila Task Force (STF) was initially established to provide policy guidance, coordination, oversight and authority during the first, five year experimental stage. With the adoption of legislation and the election of Commune/Sangkat Councils, a National Committee for Support to the Communes (NCSC) was established in 2001 to oversee policy and the formulation of the decentralized regulatory framework for the communes. In its current phase the STF oversees the framework for aid mobilization and coordination in support to the reforms, which includes considerable technical and financial support to the NCSC and its member Ministries, nearly all of whom are simultaneously members of the STF. Under the chairmanship of the Minister of Economy and Finance, the STF originally consisted of senior representation from the Ministries of Interior, Planning, Rural Development, Women's Affairs and Agriculture. As the program developed and interest broadened, senior representatives from the Ministries of Water Resources and Social Action as well as the Council for Administrative Reform were added. To support the execution of STF decisions and donor agreements signed under the Seila framework, a STF Secretariat was established to coordinate the programming, financial management, monitoring and reporting of resources programmed annually to 10 Ministries, 24 provinces and 1,621 communes. A Seila Donor Forum was also established in 2001 to enhance partnership and dialogue between the Government and donors.

### **...emphasizing participatory and bottom-up development processes...**

It was realized that the development of systems and structures and the building of capacity for their own sake do not necessarily contribute to pro-poor socio-economic development. Financial resources for capital investments at the local level were thus made an integral part of the program. Responsibilities for and control of the Local Development Funds (LDFs) were devolved to the Communes from the outset of the first phase. Following the commune elections in 2002, the systems, procedures and practices developed over five years have largely been incorporated into government regulations and the LDF itself replaced by a Commune/Sangkat Fund.

A Local Planning Process (LPP) was developed over time outlining the participatory, democratic and bureaucratic measures to be followed by the commune and its CDC in order to access funds. A set of standard Participatory Rural Appraisal (PRA) techniques was used and the VDCs and CDCs were provided extensive technical support. Advisors in each province introduced and helped to design the process and trained a cadre of civil servants at District and Province level to help facilitate the process carried out by the communes. A separate team of district level technical personnel were trained to provide support to the commune in local infrastructure design, procurement and contracting of the private sector and monitoring of implementation as well as to certify the quality of the works completed prior to payment.

Through the VDCs and CDCs development principles and practices were introduced to the villages as well as some democratic and good governance elements. The local planning process and the local development funds introduced some predictability and accountability, as annually allocated financial resources for local development priorities were within reach. In addition, roles and responsibilities for the management and outputs of the local planning and funds were clearly devolved to people in the commune/village through the CDCs and VDCs.

The local planning process was revised each year in response to feedback and expansion of the program. These revisions were necessary partly given the learning by doing approach of the process, which also requires a cycle of reflection and continuous improvement, and partly due to increasing coverage thus “moving up to scale”. Even though comparatively ample resources were available for efforts in a relatively small number of villages and communes in five provinces, access to finances and human input per village/commune/province decreased and work structures/methods had to change consequently. It was also agreed that the commune, consisting of 6-12 villages, represents a more appropriate level of planning for both infrastructure and services. The Commune thus became the level of decision-making for planning and budgeting against priorities raised from village level. The focus on commune level is now institutionalized through the eventual decentralization policy.

To ensure that participatory processes were retained, the shift in focus required the commune leadership to work in a bottom-up fashion interacting with elected VDCs, respected civic leaders and the appointed Village Chiefs. Commune Chiefs were themselves appointed officials who had often had to carry out unpopular tasks in the past and were used to a top-down approach to leadership. The new role they were expected to play represented a ‘second chance’ or an opportunity to reform themselves. The horizontal elements established by Seila/CARERE2 within administration provided every opportunity for attitude change as well as developing skills and knowledge embedded in governance principles, through the concepts and use of structures, systems and methods that were authorized by the provincial administrations and through the ongoing formal and informal capacity development programs carried out. Inevitably, some rose to the occasion and some did not, as over half of the incumbent Commune Chiefs in these communes were elected to office in 2001 and some 40 percent removed from office either in advance by their party or through the election itself.

The substance of Seila from the outset has been located at the sub-national level. Adopting a territorial approach to governance and development, the concentration of resources and the accumulation of knowledge over time has helped to build relations with and between local and provincial authorities. Among the core activities within Seila is to support the development of adequate work methods to enhance the efficiency of the decentralization and deconcentration efforts. The District Integration Workshops is one means of coordinating the development planning of the Commune Councils and the provincial administration. This process has now been regulated in the Commune/Sangkat Planning Process Prakas.

### **...institutionalizing and scaling-up lessons**

The current decentralization and some aspects of deconcentration policies have largely grown out of the Seila/CARERE2 initiative. The first steps towards putting the legal framework for decentralization in place were taken already in 1999 and the basic form decided on in 2001.<sup>4</sup> The learning-by-doing approach is regarded as crucial in the context within which the decentralization

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<sup>4</sup> Law on Election of Commune/Sangkat Councils (14 February 2001) and Law on Administration and Management of Commune/Sangkat (19 March 2001).

reforms have evolved. In this light, mandates have been given to the Commune/Sangkat Councils although several capacity building, finance, and legal issues are still to be addressed. Along with the devolution of power to Commune/Sangkat Councils, functions and power are to be deconcentrated to provincial and municipal authorities through sub-decrees in support of the Commune/Sangkat Councils.

The present Seila/PLG program is an important funding mechanism and donor coordination body to support the decentralization and deconcentration reforms through supporting the building of required capacity and through mobilizing resources for local investment funds for all 1,621 Commune/Sangkat Councils.

A World Bank development credit for a Rural Investment and Local Governance Project (RILGP) will assist in rolling out the newly developed regulations for local government, which have emerged from the 5-6 years of experimentation under the Seila/CARERE2 and Seila/PLG. The RILGP will be implemented through the RGC-led Seila program. The RILGP agreement pushes the boundary toward budget support as project-specific financing procedures have been minimized. The RGC will pre-finance commune sub-projects through the Commune/Sangkat Fund and seek reimbursement of eligible expenditures from the development credit—an arrangement happening for the first time in Cambodia.

## Impact Analysis

Poverty shows itself in a multitude of material as well as non-material dimensions. In Cambodia, as in most other countries, levels of income and consumption have most commonly been used to monitor progress and trend in poverty reduction. Poor health and lack of education, training and capital are other crucial aspects. However, of equal importance are non-material dimensions of well-being such as gender gaps, lack of security, powerlessness and social exclusion. Poor people are deprived of opportunities, lacking access to information and influence on decision-making processes.<sup>6</sup> Seila addresses both non-material and material aspects of poverty.

The most common types of small-scale public investments financed through the local development funds have been rural roads, schools, water supply schemes, and irrigation. Assessments undertaken in five provinces verify socio-economic benefits to the entire communities in the area of the projects, spread over all socio-economic groups. Some benefits are more general, such as road improvements, whilst others are more direct to specific groups, such as school pupils, water well users and farmer groups. The investments show a high rate of economic return.<sup>7</sup>

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

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

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

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<sup>6</sup> For details, refer to the National Poverty Reduction Strategy 2003-2005.

<sup>7</sup> Tracey-White et al (September 2001): *Study into the Socio-Economic Impact of the Local Development Fund/Local Planning Process 1996-2000*, and Tracey-White et al (September 2002): *Review of Provincial Investments in Seila 1997-2001*. All figures on project impact presented below originate from these two assessments.

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

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

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

A baseline survey to obtain poverty-related disaggregated data at the household level has just been finalized in a selection of provinces.<sup>8</sup> This will allow for future more rigorous monitoring of how the benefits are distributed across the various segments of households in the communes.

Further, the Commune/Sangkat database within the Ministry of Planning is in the process of being enhanced to improve its use as a basis for poverty targeting for the Commune/Sangkat Funds. This database was initially (1997-2000) mainly a CARERE project database.

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

The open and transparent process, including information on amounts available, created the possibilities of people making demands before decisions are made, as well as holding decision-makers accountable after decisions are made. The assessments confirmed that the chief arguments guiding the allocation of the local development resources are the identified priorities from the majority of the constituency, including active participation from the women. Individual citizens are now in a position to pose questions to elected commune leaders as to why for instance, less length of road has been built than contracted and paid for.

Local authorities have on the other hand established a certain degree of integrity and autonomy with a growing feeling of ownership and a subsequent change of culture from demand to initiative and participation. There has been a notable attitudinal change among some officials. It has been assessed that after five years of Seila's operation a provincial power-oriented civil administration, uninterested in development and plagued by inefficiency and moonlighting, had become a relatively efficient machinery staffed by decently educated technocrats administering a

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<sup>8</sup> Helmers et al (November 2003): *Baseline Survey for Commune Council Infrastructure Investments 2003*.

development process, increasingly marked by bottom-up processes and with progressive insertion of good governance. Now local democratic practices are slowly emerging all over Cambodia, in villages, user groups and other fora.

Seila may also be said to have had a profound and long-term impact on public administration and development in Cambodia, being instrumental in the design of the national decentralization policy. Seila works on a structural level to strengthen local governance and to improve relations between local state, civil society and the private sector. Through Seila, bottom-up processes for development planning and implementation were for the first time a cornerstone of a government program. The national decentralization policy has institutionalized systems, structures and participatory methods developed within Seila.

## **Driving Factors**

A society and a state with conflict/combat fatigue being prepared to change, combined with problem analysis and interested and active donors, have been identified as critical and positive external factors. Further, the vision of the program combined with a lack of rigid models, leaving the field to a flexible and learning-oriented management style as well as the building of alliances, are identified as vital internal factors.

## **Commitment and Political Economy for Change**

In the early 1990s Cambodia emerged as socially and politically fragmented with an acute need for reconstruction and reconciliation. It was marked by the legacies of prolonged and extreme violence (including civil war), by deep and widespread poverty, by lack of social trust and by a lack of perceptions of a benevolent state. It had experienced a systematic destruction of human capital and the rural society suffered from a deficit of credible political ideas and lacked respected or available local leaders. In general the rural population did not engage with the state if they could avoid it. There was thus a crucial need for a development program that could simultaneously address social fragmentation at the local level while increasing the legitimacy of the local administration.

The provinces had few and limited resources to mobilize in mid 1990s. They had become used to minimal financial support from the central level, while the right to taxation was largely centralized. Seila/CARERE2 with its base at province level, was therefore of high interest to provincial leaders.

Initially Seila/CARERE2 focused on provincial and lower administrative levels. When the program was initiated this approach was controversial. The state structures did, however, not constitute the impediment to change that had been postulated by many. In 1994 a noted decline in local administration's authority was of concern to the Ministry of Interior. As evolving democratic procedures slowly spread it became increasingly untenable to retain power through centralized authoritative measures. It was particularly difficult for the state to become active in

rural areas where there were virtually no resources for service provision, development investments or other legitimacy enhancing initiatives.

Seila/CARERE2 seems to have struck the right balance between introducing and piloting new ideas and additional resources, while at the same time placing responsibility on local and sub-national authorities and creating the conditions for broad-based participation without posing threats to the central level. The national level was rather disengaged during most part of the first phase. There was, however, strong support from individuals in influential positions. The general attitude changed in the process of formulating the second phase of Seila from 1999 to early 2000 and in particular as the national decentralization reform was taking shape and Seila was officially recognized as a precursor to that reform and Seila became an official program of the Royal Government of Cambodia in 2001.

### **Institutional Innovation**

Broad empowerment in tandem with local state legitimization was an innovative aspect of Seila/CARERE2. The LDF was the first pilot in Cambodia of devolving responsibilities and resources for capital spending to the local level. Poverty alleviation was to be achieved in a structural sense by strengthening local governance and improving the relations between the local state and civil society and the private sector.

The comprehensive and decentralized approach made it essential to work both vertically (connecting various administrative levels) and horizontally (to include major stakeholders and functions). Through the establishment of committees at all levels of the administration - (VDCs, CDCs, DDCs, PRDCs/ExComs, STF)—Seila added a horizontal element to the inherent vertical structures and created an environment conducive for cross-sector and multi-disciplinary approaches to poverty alleviation. These horizontal structures were not established without tensions and some criticized Seila for creating perceived parallel structures. Importantly, however, Seila always worked through government institutions where they existed and new structures created were under the control of the government authorities (with the possible exclusion of the VDCs).

The horizontal structures, and the participatory approach, were fundamental to the success of the program. They expanded choices by helping to break hierarchical and static social structures and by introducing a higher degree of transparency and accountability into governance. Such community-based structural “checks and balances” are vital in order to overcome popular distrust in government administrative structures.

The structures developed proved workable and did deliver results and have now become the core of provincial structural reforms within the national decentralization policy and forming deconcentration policy. The current challenge is how to further modify them so they can provide efficient support and supervision to the newly elected Commune/Sangkat Councils, to turn into efficient and accountable bodies. The decentralization policy makes the commune the grassroots development level. The VDCs and other civil society actors will need advocacy capability to guard broader-based participation and influence. The deconcentration policy and its revision of

administrative systems will also influence the work of the Commune/Sangkat Councils. In essence the village level is important based on participatory dimensions and to build legitimacy for the program while the commune and province levels are key in terms of governance.

## **Learning and Experimentation**

Seila was designed to be a process-oriented experiment in integrated decentralized planning and financing with a learning-by-doing approach to capacity building. The key operational device has been to constantly assess, learn, reflect, revise, and adapt to the issues and challenges that emerge.

The initial program document was therefore visionary in its character and rather vague on the practical details. It was rather unclear about how the various activities related to the development objectives and not based on a logical framework analysis (LFA). Such an approach broke with both the typical management culture within international development organizations and the perception of management and practices of politics of Cambodian state authorities. Being experimental, adaptive and pursuing learning by doing, however, necessitated a reflexive approach where major strategies and policies had to be followed up. At times there was a “change-fatigue” but the experimental approach would not have been credible and probably not successful without this constant change.

Seila/CARERE2 had to live with failures as an integral part of the implementation process. The program management frequently faced critical decisions about how to proceed in light of inadequate or non-functional processes. It was only through acknowledging previous failures that these decisions could have been taken. To acknowledge one's own failures would be deemed as mistakes and largely serve to create a sense of program failure in most development assessment situations. One obvious example of such learning was the acknowledgement that CARERE failed in terms of participation and sustainability leading to the redesigned Seila/CARERE2 approach.

The Seila structures of today have been developed through a learning process during which initial “deficiencies” were recognized and corrected. The district level did not have a proper role during the initial phase. However, after a few years the districts found a role by coordinating the annual integration workshop bringing together commune and province plans for negotiation and with broad participation from stakeholders within as well as outside government. This implies a facilitating role quite different from the ordinary role of the district. The wisdom was that the district was the lowest administrative level that could be expected to take on such a role.

The initial systems for establishing the VDCs and the working methods outlined in the Local Planning Process were elaborate and complex and were subsequently revised. While village level engagement is crucial for credibility the commune has now become the key operational level - which was not evident from the beginning. The shift of focus to the commune level has in turn caused debate on potential loss of scope for participation and it still remains unclear to what extent ordinary people beyond village leadership are actually integrated into the

process. Recent findings indicate a need for follow up measures in this respect.<sup>9</sup> The learning process thus continues.

Expanding Seila into a province different in nature from the initial five provinces created challenges. The systems and methods developed to suit a lowland Khmer population turned out to be less appropriate for a highland province with a number of different ethnic groups. It was voiced that insufficient attention had been given to natural resource management including environmental concerns. A Natural Resource Management Strategy was thus formulated and natural resources and environmental management is now being piloted with Commune/Sangkat Councils with funding through the Seila program.

### **External Catalysts**

International finance and development partners have to some extent influenced societal change in Cambodia since the UN operation in 1992/93. In a country like Cambodia whose government lacks its own funds for development investment and has a comparatively weak political and administrative structure, the role of the donors and their influence on scope, focus and approach of development programs becomes strong. International development trends have thus pervaded Cambodian society.

Emerging development trends of the mid-1990s were poverty alleviation, decentralization and local governance and Seila/CARERE2 matched this perfectly. A focus on local governance was the most promising compromise between the need to “bring the state back in” on the one hand and the “participation revolution” on the other. Other particular ideological and/or theoretical positions could have led the project in entirely different directions.

It can thus be argued that the ability of Seila/CARERE2 to identify and articulate rural Cambodia’s key development problem in a way that made sense to, and secured the confidence of, the wider donor community was a key factor.

It was the risk taken by UNDP that initially paved the way for the launch of Seila with its support project CAREERE2 and the current PLG project. The large amount of unallocated donor funds and the shortage of good and concrete alternatives admittedly also played a significant role at the critical point in time in 1995 when the program was decided upon.

Donor attitudes, ideas and concepts have continued to be important during the entire implementation process. The at times vague process-oriented approach has required a rather high degree of risk-taking. Importantly, the donors did not hold this challenge against the Seila/CARERE2 even though it did make them concerned about how to assess whether the program was heading in the right direction or not. Appraisal reports were to some degree skeptical but the donors saw the need for a program like Seila and thus were willing to go ahead recognizing the inevitable trade-off between predictability and exploration.

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<sup>9</sup> Biddulp (November 2003): *PAT Empowerment Study—Final Report*.

## **Lessons Learned**

Institutions are persistent but attitudinal change can be achieved if given time. It takes a process approach, which is likely to be costly. When scaling up and/or replicating, it is important to keep in mind that there are no shortcuts. Attention need to be paid to the risk of cutting too much in the capacity building process in the belief that this will save on time and money. For instance, although female participation has been a key feature of VDCs and CDCs, as female representation on the elected Commune/Sangkat Councils has been left up to the political parties from 2002 only 9 percent of elected Commune Councilors are female.

It takes a long-term donor commitment. The Seila program is no way near financial sustainability, defined as the ability of the program to continue after the donors withdraw. The program has, however, taken on a vital momentum of its own and is driven by Cambodian authorities and is in that sense highly sustainable.

It takes vision and a willingness to experiment. It also takes courage to learn from failures and courage to implement necessary and/or controversial changes as implementation moves ahead. There is a trade-off between exploration and experimentation on one hand, and consolidation and predictability on the other. Scaling-up implies a need to give way to a more consolidated program based on tested and established models. This transition from an experimental mode to a more consolidated phase may in itself give cause to internal controversies among stakeholders.

It takes careful contextual analysis to design the scaling-up process in such a way as to minimize the loss in participation. Seila aimed for national policy influence and although successful in that respect it undeniably lost some of its participatory qualities. On the other hand, the contextual importance should be acknowledged. What did work once does not necessarily work today. Thus, the initial set up would not necessarily have been chosen today given the contextual changes since then.

The Royal Government of Cambodia is now taking on the challenge to roll out lessons learnt. It has led the process from experiments under Seila/CARERE2 to national regulations on decentralization of responsibilities and rights to elected Commune/Sangkat Councils and with regulations under way on devolving responsibilities and budgets to lower sub-national levels of the administration. The RGC has now acquired a development credit for continuing this process on a larger scale. The rolling out of lessons known to work are to be combined with a continued practical experimentation in institutional development.

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