The Seila Program and Partnership for Local Governance: What Are They and What Have Been Achieved?

An Information Note
on
the Seila Management System and Partnership Framework

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ACRONYMS

ADB	Asian Development Bank
CBO	Community Based Organisations
CC	Commune Council
CCDP	Commune Council Development Project
CPBC	Commune Planning and Budgeting Committee
CDC	Council for the Development of Cambodia
CDP	Commune Development Plan
CDRI	Cambodia Development Resource Institute
CIP	Commune Investment Programme
CSF	Commune/Sangkat Fund
D&D	Decentralisation and Deconcentration
Danida	Danish International Development Agency
DFID	Department for International Development -UK
DFT	District Facilitation Team
DIW	District Integration Workshop
DoLA	Department of Local Administration
DSP	Decentralisation Support Project (UNDP)
ExCom	Executive Committee (PRDC)
EU	European Union
GSCSD	General Secretariat of the Council for Social Development
GTZ	German Technical Cooperation
IFAD	International Fund for Agricultural Development
LAU	Local Administration Unit
LDF	Local Development Fund
LUP	Land Use Planning
M&E	Monitoring and Evaluation
MoAFF	Ministry of Agriculture, Fisheries and Forestry
MoE	Ministry of Environment
MoEF	Ministry of Economy and Finance
MoI	Ministry of Interior
MoLMUPC	Ministry of Land Management, Urban Planning, and Construction
MoWA	Ministry of Women's Affairs
MoRD	Ministry of Rural Development
MoWRAM	Ministry of Water Recourses and Meteorology
MoSA	Ministry of Social Affairs
MoL	Ministry of Labour
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
NCSC	National Committee for Support to the Communes
NPRS	National Poverty Reduction Strategy
PAT	Permanent Advisory Team (DFID and Sida)
PDoF	Provincial Department of Finance
PFT	Provincial Facilitation Team
PIF	Provincial Investment Fund
PLG	Partnership for Local Governance
PoLA	Provincial Office of Local Administration
PPM	Provincial Programme Manager
PRDC	Provincial Rural Development Committee
PTA	Provincial Technical Assistant
RBA	Rights-Based Approach
RGC	Royal Government of Cambodia
RILGP	Rural Investment and Local Governance Project
Sida	Swedish International Development Co-operation Agency
STF	Seila Task Force
STFS	Seila Task Force Secretariat
TFT	Technical Facilitation Team
TSO	Technical Support Officer
TSU	Technical Support Unit
TWGD	Technical Working Group Decentralisation

TWGAR	Technical Working Group Administrative Reform
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Council for Trade and Development
UNDP	United Nations Development Programme
Unicef	United Nations Children's Fund
UNOPS	United Nations Office for Project Support
WB	World Bank

1. Introduction

The Seila model of support to decentralisation and the related set of systems and structures (institutions) and activities – hereafter called simply 'Seila' – have played and still play an important role in the decentralisation and deconcentration (D&D) reforms in Cambodia, and has also served as a model for other complex governance and local development programmes inside and outside Cambodia. While Seila is highly appreciated by many donors and government partners, it is also controversial. At the same time Seila is not always well understood, by proponents and critics alike. This is partly because Seila is complex and partly because it is not always well explained. Hence, the purpose of this Information Note is to present Seila's key features. The aim of this Note is to promote a better-informed debate on the potential contribution and risks of Seila's institutions and management models to the next phase of decentralisation and deconcentration (D&D) reform.

The Note traces the origins of Seila, describes briefly the current institutions and ways of working, summarises Seila's achievements, and concludes with a short assessment of those features of Seila that seem worth retaining in the future as Cambodia strives to develop its system of sub-national government.

The Note has been prepared by the Permanent Advisory Team (PAT) appointed in 2002 by DFID and Sida periodically to review progress in the implementation of the Seila/PLG programme and advise as requested. The Team consisted of Pierre Landell-Mills, Team Leader, and Jan Rudengren. The Team was assisted in Cambodia by Panhavuth Long.

2. What Are the Origins of Seila?

The Royal Government of Cambodia (RGC) launched the Seila Program in 1996[1] with a view to piloting a system of decentralisation at the commune level, with an initial focus on the villages. Seila's goal was to promote sustainable poverty reduction by improving local governance. It was supported by the CARERE II Project, funded by Sida and UNDP, with UNOPS as the executing agency. In its first year, the program covered 20 communes in five provinces, and by the end of the first five-year phase, in 2000, coverage included 220 out of a total of 1,621 communes in 7 of Cambodia's 24 provinces. The program, in conjunction with the Ministry of Rural Development (MRD), initiated the election of Village Development Committees (VDC) and the formation of Commune Development Committees (CDC) consisting of elected village representatives and chaired by the government appointed commune chief. In collaboration with the provincial authorities, the program designed and adapted a system for participatory commune planning and prioritisation of development projects, together with financial management systems and project implementation procedures. Members of the CDCs were trained in competitive bidding procedures to select local contractors for the implementation of the local projects that they had identified.

At the time Seila was conceived in 1996, virtually all donor assistance to Cambodia operated outside of government through vertical management structures designed by donors for each project. The lack of a legal framework at sub-national level, the weaknesses within the government's own financial system and the lack of national budget allocations to the sub-national level meant that most provinces had very few resources to plan, manage and implement their own projects. The original objective of Seila was to design horizontal provincial and commune management structures and systems owned and operated by RGC that were

[1] The Seila (meaning "cornerstone" in Khmer) programme was a development of the UNDP CARERE project to support returning refugees after the Paris accord in 1991.

acceptable to donors so that their assistance could directly finance activities selected by communes following national guidelines. Working closely with the Ministries of Interior (MoI), Economy and Finance (MoEF), Planning (MoP), and Rural Development (MRD), provincial structures and systems to support commune development were designed, fully tested, and adopted by sub-decrees and prakas.

Encouraged by the success achieved during the first phase, in January 2001, the Council of Ministers approved a second larger phase of Seila covering the period 2001-2005. Sida and UNDP were joined by DFID in funding the support project, called Partnership for Local Governance (PLG), that provided technical and financial resources for: (i) refining the decentralised planning, financing, and management systems for service delivery and local development; (ii) providing discretionary budget support to province and commune authorities for investment in services and infrastructure; and (iii) contributing field tested lessons for national level policy and regulations for decentralisation, deconcentration and poverty alleviation. In the first year of Phase 2 the number of communes covered by the program was doubled; the goal was to reach 1,216 communes/sangkats by 2005. However, Seila remained experimental in concept with a view to seeking continuous institutional improvements.

Meanwhile, during 2001 RGC decided to establish elected commune and sangkat[2] councils. Following the adoption of the Laws on Commune Administration and Commune Elections and the establishment of the inter-ministerial National Committee for Support to Communes (NCSC)[3] in that year, RGC decided to use the resources mobilised by Seila to (i) support the work needed to design the new decentralised regulatory framework; (ii) plan and implement the training for the CS Councils and support staff; and (iii) fund a rapid expansion of the Seila piloted commune support programs with the aim of including all communes and sangkats by 2003.

3. WHAT EXACTLY IS SEILA?

Seila is in essence an aid mobilisation, management and co-ordination mechanism supporting the decentralisation and deconcentration reforms aimed at promoting local development, poverty reduction and good local governance. Through Seila and PLG's support to central government institutions -- especially the NCSC sub-groups, MoI, MoEF and MoP -- comprehensive management systems and regulations have been designed and are now operational in all communes/sangkats and all provinces/municipalities. These cover management, personnel, planning, budgeting, programming, financing, contracting, monitoring, reporting and auditing procedures. At the province/municipal and district/khan levels, several thousand civil servants working full time under the authority of the governors are responsible for the management and implementation of a range of D&D activities supported through Seila.

Seila's main institutional components[4] are:

- *Seila Task Force* (STF). The Seila program is the collective responsibility of this inter-ministerial body consisting of 12 member Ministries[5] chaired by the Minister of Economy and Finance
- *Seila Task Force Secretariat* (SFTS) headed by H.E. Chhieng Yanara, the RGC focal point for aid coordination, and located within CDC.

[2] Sangkats are the urban equivalent of rural communes

[3] Chaired by H.E the Deputy Prime-Minister and Co-Minister of the Interior

[4] The Terms of Reference for the Seila Task Force, STF Secretariat, Governor, PRDC and PRDC Executive Committee are defined in detail under Sub-decree 57 dated 28 June 2001 and Prakas 292 dated 8 November 2002.

[5] MoI, MoEF, MoP, MoRD, MoE, MoAFF, MoWA, MoWRAM, MoSA, MoL, MoLMUPC, CAR.

- *Provincial Rural Development Committees* (PRDC) chaired by the governors
- Executive Committee of the PRDC (*ExCom*) coordinated by a Permanent Member and consisting of four units.
- *District Integration Workshop* (DIW) at which commune investment projects are presented and support contracts negotiated and agreed between the commune councils (CCs), provincial line departments, international agencies and NGOs.
- The *Commune Planning and Budgeting Committee* appointed by the CCs which oversee the preparation of the *Commune Plans* (CPs) and *Commune Investment Programs* (CIP)
- Provincial *Accountability Working Groups (AWG)* chaired by the governors, established to consider complaints of corruption, bribery and extortion.

At the national level, the STF oversees the work of its secretariat, the STFS. The STFS, under the direction of the Director General of the STF, appraises and approves annual work plans and budgets and operational guidelines, and coordinates with the NCSC, Ministries involved in D&D and with donors. STFS monitors implementation, manages aid flows, prepares reports and maintains accounts and records. It is important to stress that STFS no implementation responsibilities. Implementation is carried out through contractual arrangements between STFS and the implementing government institutions, a unique arrangement in development assistance that has been innovated by Seila.

In the provinces, the PRDC, under the chairmanship of the governor, manages the support program for D&D – working mainly through its ExCom – along with the funds allocated and contracted for this purpose by the STF. This also includes oversight of: the training of provincial, district and commune officials; the programming and implementation of the Provincial Investment Fund (PIF); and commune administration, planning, and project implementation, reporting progress to the national level. PRDC also ensures effective coordination and collaboration between government institutions, private sector, civil society and international/national development agencies in the planning and management of provincial/municipal development. As with the STF, PRDC has no implementing responsibilities, but enters into "sub-contracts" with the implementing institutions – provincial departments, commune councils, etc. Following approval of the annual provincial work plan and budget by the PRDC, the ExCom, also chaired by the Governor, is responsible for program and budget execution. ExCom consists of four operational units each with their own detailed terms of reference responsible for local administration, contract administration including M&E, financial management and technical support services. Day-to-day administration is directed by the ExCom Permanent Member. (See Figure 1 below and Annex 1 for the institutional framework and organisational arrangements.)

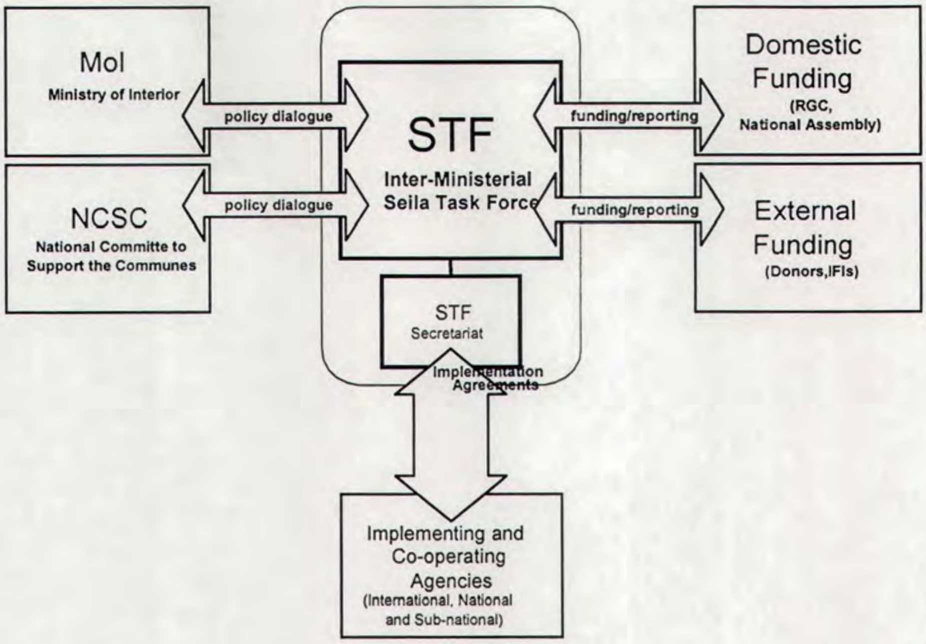
These institutions are resourced from three sources:

1. *National budget*, including covering salaries for contracted personnel.
2. *Commune Sangkat Fund* (CSF) from which annual allocations are made to each commune and sangkat to fund commune projects selected by the CCs. The CSF is managed by a Board chaired by MoEF[6], and
3. *Decentralisation Development Fund* (DDF), which funds all the activities (including PIF) not funded by the CSF

All the activities are support by technical assistance, provided by PLG in 22 provinces and by GTZ in 2 provinces – see Section 6 below.

[6] As of end December 2005 this Board had not been formed.

Figure 1: The Institutional Environment of Seila



4. How Does Seila Work?

The ultimate objective of Seila is to improve the welfare of ordinary citizens by promoting effective sub-national government and channelling funds to sub-national levels of administration to be programmed in support to public goods and services benefiting the local population.

4.1. Commune/Sangkat Activities

With Seila assistance, RGC has established a system of participatory C/S planning, which leads to the formulation of C/S investment plans, and the selection and implementation of projects to be funded by an annual allocation from the CSF, on average amounting to about US$8,000 a year (more for the large C/Ss and less for small ones), all managed by the C/S councils. On an annual basis, approximately 2,000 CS projects are implemented at a total cost, in 2005, of US$ 11.5 million.

The provincial ExCom helps the C/S councils to do these tasks through district facilitation trainers (DFTs) and technical support officers (TSOs) trained and supervised by ExCom staff with assistance from MoI, MoEF, MoP and MRD. The only paid staff available to the commune councils is a clerk, who is recruited and paid by MoI. The councils also are responsible for civil registration. While the commune law envisages the possibility of the councils taking on other agency functions, in practice few of these functions have so far been assigned mainly due to the lack of capacity and funding. Progress in developing regulations on commune own source revenue has been slow and communes remain largely dependent on the inter-governmental transfers from the CSF.

4.2. District/Khan Activities

The main Seila-sponsored activity at the district level is the District Integration Workshop (DIW). The DIW is a significant Seila innovation that provides a forum for C/S council representatives within one district to discuss C/S development priorities with the line department staff and NGOs and then for both to enter into contractual agreements with C/S councils. These commit the line departments to undertake specific activities in the C/Ss.

Each year C/S councils update their three-year rolling plans and investment programs from May to July and then submit them for consideration to a DIW held in October/November in each of the 185 districts. Prior to the meeting, ExCom staff prepares a District Priority Activities Matrix, which aggregates individual commune investment priorities across the district. The goal is to promote joint programming of a wide variety of resources and services from government, donors and NGOs at the local level. This has already led a much more transparent, demand-driven and rational programming process leading to an exponential growth in partnership arrangements between local authorities, service delivery institutions and NGOs. In 2005 alone, over 35,000 agreements between line departments, NGOs and C/S Councils for small-scale services and investments are being implemented as a result of the 2004 District Integration Workshops.

Based on the results of a study commissioned by PLG under the direction of MoI, a pilot program to strengthen the role of the districts/khans was started in September 2005 and will run through to the end of 2006. Against criteria and guidelines approved by MoI, one district in each of the 24 provinces was selected and allocated a budget of US$ 20,000. Through a series of meetings of a district forum composed of CS councils, district line offices and the district governor as chair, district-based, inter-communal priorities were identified, ranked and selected through voting for implementation in 2006. In accordance with the guidelines, the available budget included specific percentages allocated for infrastructure, services, capacity development and operations. The program is seen by MoI as a pilot to design, test and evaluate roles, capacities, service delivery mechanisms and coordination responsibilities that could be applied to the future district councils and included in the new Organic Law.

4.3. Province/Municipality Activities

Provincial and municipal administrations have the main responsibility for supporting decentralisation. PRDC/ExCom oversees capacity building, manages the PFT/DFTs and TSOs that provide support to the C/Ss, manage the Provincial Investment Fund (PIF) programming process and finances and administers all contracts signed between the governor and implementing agencies. ExCom has three units -- covering Local Administration, Technical Support, and Finance -- which guide and assist the C/Ss in undertaking planning, and project selection, design and implementation by local contractors and channel the CSF funds to the C/Ss to pay for administration and project costs. The fourth ExCom unit – Contract Administration – administers provincial contracts signed by the governor with line departments.

On average over the past five years Seila has contributed US$132,000 per province/municipality to support overall management, coordination, capacity development, operational costs, office and transportation equipment and information activities carried out by the PRDC Executive Committee.

The PIF and the Deconcentrated Sector Programmes (primarily agriculture) also established under the Seila framework, represent two important inputs to the design of an integrated provincial/municipal development budget as envisaged in the RGC's Strategic Framework on D&D reforms. In the case of the PIF, the annual budget allocations to provinces and municipalities are allocated to sector priorities in line with national sector policies and local priorities identified by the CS councils. Departments implement the projects and are accountable to the PRDC ExCom under the governor.

In the case of the Deconcentrated Sector Programmes, an annual work plan and budget agreement is formulated and signed between the governor and the responsible national ministry, against a project document negotiated between the donor and the responsible ministry specifying project strategies and targeted sectors and provinces. Implementation of this annual work plan and budget then follows the Seila systems at provincial level with sub-contracts signed with implementing agencies that are administered by ExCom. This approach is piloting a possible model for deconcentration whereby planning, programming and implementation are delegated to the province under guidance of a line ministry.

By the end of 2005, under Seila, a total of nearly US$ 40 million will have been programmed and implemented by sector departments in support to provincial-managed development under the authority of the governors (Table 1).

Table 1: Provincial and Municipal Investments 2001-2005, by Sector (US$)

PROVINCIAL/MUNICIPAL INVESTMENT 2001-2005							
SECTOR	2001	2002	2003	2004	2005	TOTAL	%
Agriculture	1,879,450	3,271,448	3,074,393	2,931,175	3,616,926	**14,773,392**	38.3%
Commerce	0	0	0	4,000	0	**4,000**	0.0%
Culture	16,500	10,070	47,250	39,303	48,110	**161,233**	0.4%
Education	117,400	241,378	307,458	542,720	531,182	**1,740,138**	4.5%
Environment	0	0	0	0	148,910	**148,910**	0.4%
Health	40,145	33,480	156,129	266,711	190,131	**686,596**	1.8%
Information	30,250	26,000	64,070	81,333	83,654	**285,307**	0.7%
Interior	42,396	0	0	0	0	**42,396**	0.1%
Land Management	97,104	257,220	207,517	607,610	339,146	**1,508,597**	3.9%
NREM	135,791	113,880	452,776	948,455	194,490	**1,845,392**	4.8%
Planning	73,687	109,000	153,685	194,023	227,515	**757,910**	2.0%
Public Works	0	0	10,432	55,559	82,264	**148,255**	0.4%
Religion	0	0	0	11,373	12,121	**23,494**	0.1%
Rural Development	1,007,557	1,230,670	1,579,244	2,421,205	1,423,111	**7,661,788**	19.9%
Social Action	0	0	15,661	35,291	57,915	**108,867**	0.3%
Tourism	0	0	7,680	11,200	22,850	**41,730**	0.1%
Water Resources	760,755	940,330	1,266,375	2,375,853	1,489,072	**6,832,385**	17.7%
Women's Affairs	93,891	109,695	155,696	583,452	844,137	**1,786,871**	4.6%
TOTAL	**4,294,926**	**6,343,171**	**7,498,366**	**11,109,263**	**9,311,534**	**38,557,260**	**100%**

4.4. National Level Activities

The STFS supports the above activities, provides resources to the NCSC, and contracts with ministries to undertake work programs in support of decentralisation and commune development. In addition, there are the following Seila activities:

- ***Financial Management.*** A financial management system designed, in partnership with the Ministry of Economy and Finance, is under implementation in all provinces. In 2004 a total of US$ 20 million was disbursed through this system.
- ***Contracting and Procurement.*** Implementation of the provincial/municipal level budget is always against contracts signed between the Governors and implementing departments. Procurement follows guidelines established by STFS including the formation of procurement committees and public bidding procedures.
- ***Personnel Management.*** Currently over 1,500 civil servants in 24 provinces/municipalities are contracted on an annual basis under the Governor's signature for full time work under the ExCom. In exchange for a salary incentive, no DSA payments or training fees are provided within the province for work performed.

- ***Monitoring and Reporting.*** A monitoring, evaluation and reporting system has been designed, documented in manuals and is under implementation in all provinces/municipalities.

- ***Management Information Systems.*** To support effective management, monitoring and reporting, various MIS have been designed, programmed and are now operational across the entire country. Databases have been established covering the C/Ss' plans, projects and contracts.

On an annual basis, resources mobilised by Seila are allocated to ministries to support the above activities as indicated in the Annex 2:

Nearly US$ 1.7 million (over 50% of the total ministerial support) has been allocated to NCSC Ministries with the balance allocated to support mainly sector ministries and other development agencies. These resources have been used for:

- Formulation of national policy, regulations, guidelines and strategies relating to D&D;
- National workshops to formulate and disseminate D&D policy, regulations and guidelines; review systems; formulate annual work plans; and ensure dialogue is maintained between policy makers and practitioners.
- Monitoring, evaluation, national supervision and auditing;
- National and regional training sessions on policy, guidelines, strategies, functions, facilitation, systems, technical fields, training of trainers.

5. HOW IS SEILA FUNDED?

Seila is funded from a variety of sources as follows:

1. ***National budget.*** The RGC's annual national budget allocation to the CS Fund is fixed as an incremental percentage of domestic revenue providing a regular stream of financing to the CS Councils. Set at 1.5 % during the first year of the five-year CS council mandate (2002), the percentage has increased to 2.54% for the last year (2006). In US dollars equivalent, the national budget contribution has nearly tripled over this five year period from an initial US$5.6 million to US$17 million. In addition, the RGC provides roughly US$ 0.5 million in counterpart contributions and meets the salaries and other administrative costs for a large number of staff involved in D&D.
2. ***Loans from international financial institutions.*** At present there are four loan programs negotiated by the MoEF operating within the Seila framework: three from the International Fund for Agriculture Development (IFAD) and one from the World Bank. Three of these four loans extend beyond the end of Seila - to 2007-2010 - and transition arrangements will need to be agreed upon with the donors concerned for whatever management arrangements established after 2006. The World Bank IDA reimburses the government for expenditures under the CS Fund.
3. ***Bilateral/Multilateral Grants.*** Currently, four donors (UK, Sweden, UNDP and Denmark) have signed project agreements directly with the STF. Project funds are transferred directly to project accounts managed by the STFS. Against annual contract agreements signed with ministries, provinces/municipalities and the private sector, funds are either transferred to commercial bank accounts or payments made directly by the STFS for financing activities.
4. ***Partnership Agreements***. STFS has signed Memoranda of Understandings (MOUs) with GTZ, UNICEF, Canada, Australia and some NGOs to provide technical and financial assistance directly to ministries or provinces/municipalities in support to the overall annual work plan and budget, using Seila structures and systems.

The original target for the second phase of the Seila Program (2001-2005) was to mobilise US$95 million program for D&D related developments. In practice, by the end of 2005, the second phase of Seila will have mobilised US$47 million of domestic resources and US$109 million of external assistance from 12 donors/agencies to support local governance and development in Cambodia. Thus, US$156 million will have been disbursed by end 2005 and a further US$30 million of commitments are available for 2006-2010 (see Annex 3 for details).

In all, approximately some US$40 million a year are being channelled through Seila's unified management system for local governance and development under the authority of either the provincial governors or the C/S council. Since 2001 nearly US$70 million has been allocated to communes and sangkats for development and administration (Table 2). Of this total, 75 % has been channelled through the CSF, three-fifths coming from the national budget and the rest from external sources mobilised by Seila. A further US$18.2 million was provided to C/Ss through partners, using the Seila institutions. Thus, in the period 2001-05 some US$39 million (or 56% of the total provided to the C/Ss) has come through donor agreements with Seila. The amount going into the CSF has risen from US$7.7 million in 2002 to US$16.3 million in 2005. The amount allocated/contracted to the PIF in 2005 was US$9.3 million.

Table 2: Commune/Sangkat Investment 2001-2005, by Source (US$)

COMMUNE/SANGKAT INVESTMENT 2001-2005							
SOURCE	**2001**	**2002**	**2003**	**2004**	**2005**	**TOTAL**	**%**
1. C/S Fund							
RGC		6,253,665	7,054,880	7,750,000	9,629,630	**30,688,175**	60%
Seila/PLG		1,435,483	2,000,000	2,000,000	2,000,000	**7,435,483**	14%
Seila/WB			3,800,000	4,750,000	4,691,358	**13,241,358**	26%
CS Fund Total	0	**7,689,148**	**12,854,880**	**14,500,000**	**16,320,988**	51,365,016	100%
2. C/S Targeted							
Seila/RGC	1,447,368					**1,447,368**	8%
Seila/PLG	1,087,515					**1,087,515**	6%
Seila/WB	598,077					**598,077**	3%
Seila/IFAD				400,000	1,165,000	**1,565,000**	9%
Seila/Danida				70,000	121,000	**191,000**	1%
Seila/WFP	2,900,000	4,644,360	3,023,000	2,340,000		**12,907,360**	71%
Seila/UNICEF					88,000	**88,000**	0%
Others					325,000	**325,000**	2%
C/S Other	**6,032,960**	**4,644,360**	**3,023,000**	**2,810,000**	**1,699,000**	**18,209,320**	**100%**
TOTAL	**6,032,960**	**12,333,508**	**15,877,880**	**17,310,000**	**18,019,988**	**69,574,336**	**100.0%**

A dedicated accounting system[7] has been set up in all 24 provinces/municipalities to track the expenditure of funds committed under the Seila framework and is used by all implementing departments. All of the donor resources follow common financial procedures and reporting at the sub-national level, greatly simplifying their administration and minimizing costs.

The way the funds move from source to end-use is presented schematically in Annex 4. An example of the flow of funds within one province is given in Annex 5.

[7] Peachtree Accounting System using internationally recognised software

6. What Is the Role of PLG?

The Partnership for Local Governance (PLG) project, funded by DFID, Sida and UNDP, has provided core financial and technical support for Seila. PLG has contributed US$12.2 millions to Seila in 2005. Of this US$7.1 million has been programmed for services and investments at commune, provincial and national level; US$ 2 million for program support at provincial and national level and US$ 3 million for technical cooperation. As a feature of the harmonized approach under Seila, the PLG technical advisory services at provincial and national level are dedicated to assisting all of the resources under the Seila framework regardless of the source of funds. This technical assistance has provided the expertise needed to design the systems, processes and training curricula, to guide and assist implementation and to monitor and ensure accountability for the full range of donor partners.

In 2005, there were a total of 181 PLG advisors of whom only six were international staff. The breakdown of the remaining 175 national advisors is as follows:

National Advisors supporting Ministries	5
National Advisors supporting STFS	8
Provincial Advisors	162 (6-7 per province)

7. What Has Seila Achieved?

Any success achieved by Seila must be credited to a wide range of actors and institutions since activities financed and supported by Seila have been planned, programmed and implemented by government institutions at all levels. As such the credit must be shared across the entire government. The most notable collective achievements are summarised below.

7.1. Strengthened Institutions

As detailed above, Seila's most important achievement has been to put in place a remarkable set of institutions and management and support systems for the lowest level of decentralised government, together with the appropriate manuals, guidelines, data bases, accounting arrangements, reporting and MIS systems designed to manage support to local development and promote good governance. Moreover, it has provided critical support to the MoI in training a vast number of councillors and government staff in how to run these systems and institutions.

Since the establishment of MoI/DoLA in 2001 and the elections of C/S Councils in 2002, PLG Advisors assigned to DoLA have provided the primary support for the formulation and budgeting of annual NCSC Training Plans and for the curriculum design of most of the training including methodologies to support capacity building of the CS Councils and provincial/district officials on the decentralised regulatory framework. To help finance the annual NCSC training program, Seila has allocated resources to MoI/DoLA and to all 24 provinces and municipalities. Since 2003, PLG Advisors have worked closely with ADB, UNDP-DSP and GTZ to support MoI/DoLA in the preparation of annual training budgets and share the cost of the training programs.

7.2. Built Staff Capacity

Seila has devoted substantial resources to training at the national, provincial and commune levels. Table 3 below lists the NCSC training programs supported by Seila/PLG from 2002 to 2004. Over the period 2001-2005, a total of US$14 million has been spent at the provincial level, amounting to an average of around US$120,000 per province each year. On this matter the news is good, too; a PAT study in 2004 concluded that overall the training had been both successful and cost effective[8]. The report made a number of recommendations for improvements that have mostly been implemented.

At the beginning of the first mandate of the CS councils, none of the 11,000 elected councillors had any prior experience with public finance management or any of the components of a project cycle including participatory planning, project design, procurement procedures, implementation or monitoring. In addition, few of the civil servants at provincial and district level assigned to train, facilitate and technically backstop the CS Councils had relevant prior experience. With Seila/PLG support, steps have been taken to ensure that outputs financed by the CSF are of an acceptable technical standard and bring visible benefits to the population. Without clear evidence of these benefits, it would be likely that the rural population would lose confidence in the overall process. Intensive practical training has been at centre of these efforts and the progress made in capacity development across the country has been noteworthy.

The training focused particularly on the nuts-and-bolts that make decentralisation work: financial management, procurement, monitoring and evaluation, project design and implementation, facilitation, planning, gender awareness and management information systems. Those trained included ExCom staff and department officials at provincial and district levels, as well as commune councillors, clerks and chairmen.

Seila has also supported the line ministries' training covering agriculture technology and extension, primary health care, HIV/AIDS awareness and prevention, nurse training, primary school teacher training, literacy, environment and natural resource management, land use planning, water use and hygiene education, credit and savings, cultural development, etc. In all, approximately 13,000 training sessions have been held attended by just over 1 million people.

7.3. Strong Monitoring and Evaluation to Ensure High Quality

Numerous internal and external monitoring, evaluation and technical and financial audits have been carried out each year to identify weaknesses, improve guidelines and performance and prioritise further training requirements. Evaluations show that the quality of the main outputs (e.g. C/S projects) has been generally satisfactory. This is the result of a combination of effective capacity building and strong technical support. Seila has also established an M&E system with monitoring units at each province contributing to effective reporting on performance and problems encountered. Seila has also prepared an M&E manual and trained staff in M&E methods and on how to apply the guidelines.

7.4. Support for Policy Work

Seila resources have been used to support the NCSC sub-committees and its member ministries' policy work on designing the decentralised regulatory framework. This includes drafting the sub-decrees and prakas establishing the CSF, the CS Financial Management System and the CS Development Planning System; guidelines relating to CS structure and functions, financial operations and district integration; and a large number of training manuals. In all some 87 legal documents, guidelines and manuals were prepared with the technical support of PLG advisors and consultants.

As advocates for devolution and using the principle of learning by doing PLG has provided substantial support to provincial and municipal administrations for a wide range of governance and development functions and activities. As was the case with communes, by demon-

[8] See Turner, Mark, *Study to Assess Effectiveness of the NCSC National Training Program*, PAT Study, October 2004

strating that provincial/municipal administrations could plan, program, finance, implement and report on annual work plans and budgets, it has been possible to convince donors and RGC officials that provinces and municipalities have the capacity to manage increased responsibilities cost-effectively.

7.5. Piloting new systems of good governance and accountability

An important pioneering feature of Seila has been its scrupulous attention to questions of good governance and accountability. This has been achieved by the following:

- A pervasive concern to make all its activities and processes transparent
- Provision of detailed information on activities through regular reporting
- Instituting clear procedures backed by appropriate detailed manuals and guidelines
- Strengthening financial management and procurement procedures
- Establishing robust systems of monitoring and evaluation
- Selection of all staff on merit through competitive recruitment by panels, with detailed job descriptions and subjecting staff to an annual performance appraisal before contracts are renewed, and
- Empowering the governors to suspend a staff contract at any time should a staff member be found to be abusing the system or not performing according to his/her job description.

It is to be hoped that these features reflecting the principles of good governance will be carried forward into the next phase of D&D and adopted more widely by RGC.

8. OUTSTANDING ISSUES

While the achievements, as we have seen above, are considerable, the programme naturally still has many issues to be tackled. This is always the case of a complex programme working in a complex and changing environment. Three issues stand out: (i) national ownership; (ii) conflicting interests among stakeholders; and (iii) accountability and control. Lastly, this Note addresses some common concerns and misunderstandings.

8.1. Ownership

One of the most important of these is dispersed and sometimes unclear government ownership. While Ministries and Provinces do exhibit ownership of the specific parts of the program that fall within their mandates, government ownership of the program as a whole is more tenuous, which has been obvious during 2005 in the planning of new D&D programme after Seila. This ambiguity from the side of RGC threatens the sustainability of the achievements.

While there can be little doubt that the some of the political leadership and government staff have embraced the idea of D&D and democratic governance as the way forward for Cambodia, how these objectives are to be achieved is still not clear. The approval of the RGC's Strategic Framework for D&D Reforms is a major step forward in clarifying the broad policy directions, but in large part the specifics have yet to be decided and these are likely to be highly controversial. In many ways Seila has demonstrated modalities for D&D that seem promising, but unfortunately the fact that these modalities have emerged from below, even though endorsed by the relevant authorities, has meant that the endorsement has not been easily achieved and at the highest levels is still uncertain.

8.2. Conflicting Interests

Inevitably, D&D reforms involve changing the roles and powers of various officials. Those who feel threatened will be vigorous in their opposition, while those officials who will be the eventual beneficiaries of this restructuring have yet to find their voice. The fact that international advisers have played a prominent catalytic role in designing the Seila systems complicates building national ownership, as is the case with most donor-funded programmes.

As of now, the considerable support at the provincial, district and commune level, derived from extensive exposure to the detailed workings of the D&D reforms, is not yet matched by a similar level of understanding and support at the highest political level. In short, despite its evident achievements the present D&D arrangements seem to lack strong and vocal champions at the higher political levels. The rhetoric from national level at various meetings is supportive, but the follow-up actions so far have been less so on critical issues that affect various political interest groups[9].

8.3. Accountability and Control

Seila has been successful in building systems and structures and delivering outputs as planned. In this context, it has been instrumental in building accountability, transparency and participation in the decision-making processes. Unfortunately, as elsewhere in government, Seila operates in an overall environment of institutionalised corruption. It covers a large area, being present in over 1,621 communes and 24 provinces. For these reasons, it is highly susceptible to the abuse of funds, especially the misuse of CSF funds by provincial treasuries. However, given this context, the efforts being made are praiseworthy. Yet, nothing short of a determined nationwide campaign against corruption supported by the highest levels will overcome the widespread acceptance of corruption in Cambodia and the lack of effective credible sanctions, which is the core of the problem.

The government does not lack the ability to establish greater accountability if it so chose. On the contrary, there is a risk that the increased capacity at provincial and district levels will be used to extend official administrative and political control over the CCs and villagers. A recent directive relating to local NGOs issued by the MoI is a worrying sign of increased central control of local developments connected to a profound government mistrust of organised civil society, which undermines efforts to build democratic governance.

8.4. Common Concerns and Misunderstandings

The critics of Seila raise a number of concerns, which feed the reservations at senior levels of the official hierarchy. The most important criticisms are:

1. ***Seila relies too heavily on costly technical assistance.*** As far as reliance on foreign experts, it is important to recall that Seila has only six international advisers, which is very modest in the Cambodian context. In any event, it is not a crucial issue when judging the value of Seila's contribution to the design and piloting of D&D reforms. The large number of civil servants receiving salary supplements from PLG is a separate issue relating to the difficulty of recruiting and motivating experienced, trained and competent government staff at current levels of remuneration. Those who are recruited consider that they are entitled to find ways to supplement their salaries, which in turn tends to undermine good governance.

2. ***Seila results in parallel systems of administration.*** This is mistaken. Seila is distinguished from other donor-supported initiatives by integrating its systems into the existing government administration wherever possible. If anything, by following the government's annual budgeting process, transferring resources to accounts held by

[9] An illustrative example of the difficulties to reached consensus at national level is the fact that it took three years after the start of Seila/CARERE II to establish the STF, which in retrospect was a blessing in disguise as the provinces could strengthen their position and put demands on the national level.

C/S Councils and Provincial Governors which are managed by the Departments of Finance and Provincial Treasuries, and providing support to Ministries and Departments who plan and implement activities in accordance with their mandates, Seila is more integrated into the government administration than most other donor programs.

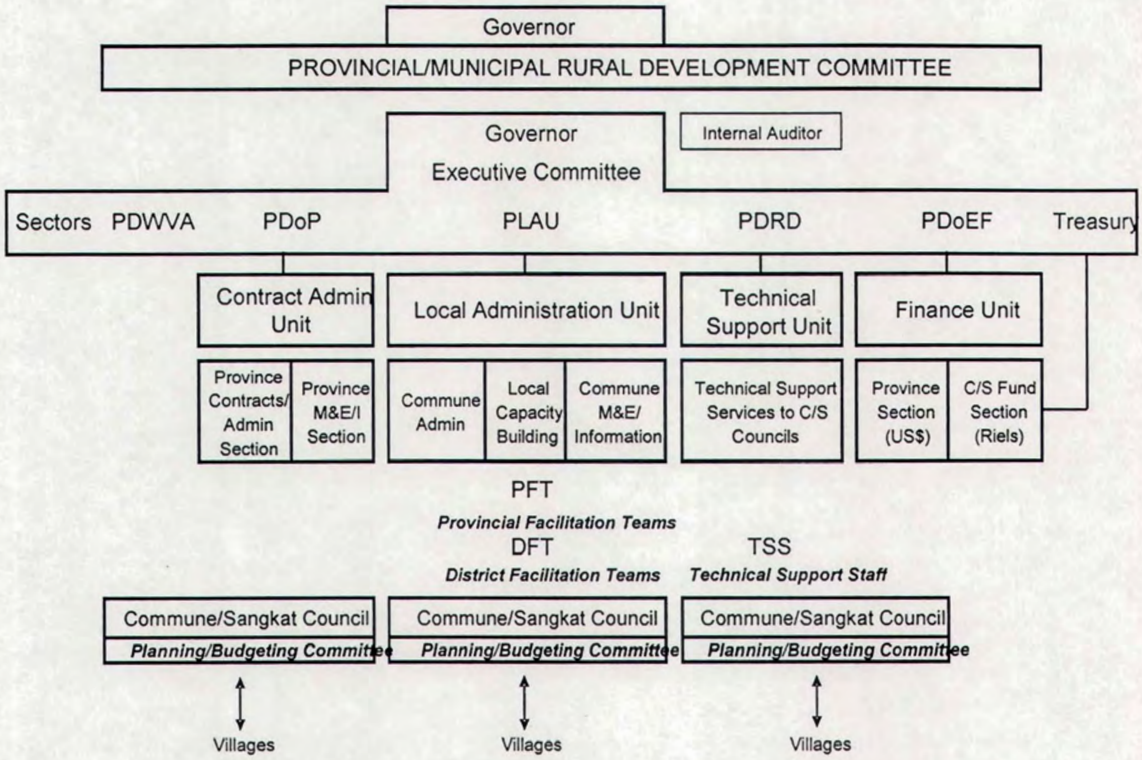
3. ***Seila is too complex for Cambodia.*** Seila is ambitious, but so are the government's D&D goals. If Cambodia is to move forward with D&D and participatory and democratic governance, it is hard to see in what way the Seila arrangements can be judged too complicated. An argument may be made that the planning and financial management arrangements could be simplified, but this is not a major issue and, in any event, they are the creation of MoP and MoEF, not Seila or PLG.

4. ***Seila is too focussed on processes and systems and not enough on development actions.*** This too is arguable; on the whole it is better to start with robust, reliable and accountable systems and processes and steadily expand the development content of the programs. It could, further, be argued that a larger share of the PLG support is devoted to the development of systems, than normally would be the case. However, this fact has to seen in the light of all additional development actions that are channelled through Seila using these systems and supported by the PLG (75 % of all resources allocated to investment)

9. In Conclusion

Designing and implementing D&D reforms is not the work of a month or a year, but is rather a huge endeavour that needs to viewed as a very long term task, with many phases covering the next 10-20 years and involving much piloting and trial and error. RGC has been engaged in this task, through Seila, already for ten years. As we have seen the achievements are substantial. The challenge now is to move forward, not by disregarding these achievements, but rather by building on what has been shown to work and modifying those features which have been found wanting.

ANNEX 1: PROVINCIAL/MUNICIPAL MANAGEMENT STRUCTURE



Annex 2: Seila funded support to national ministries 2001- 2005 (US$)

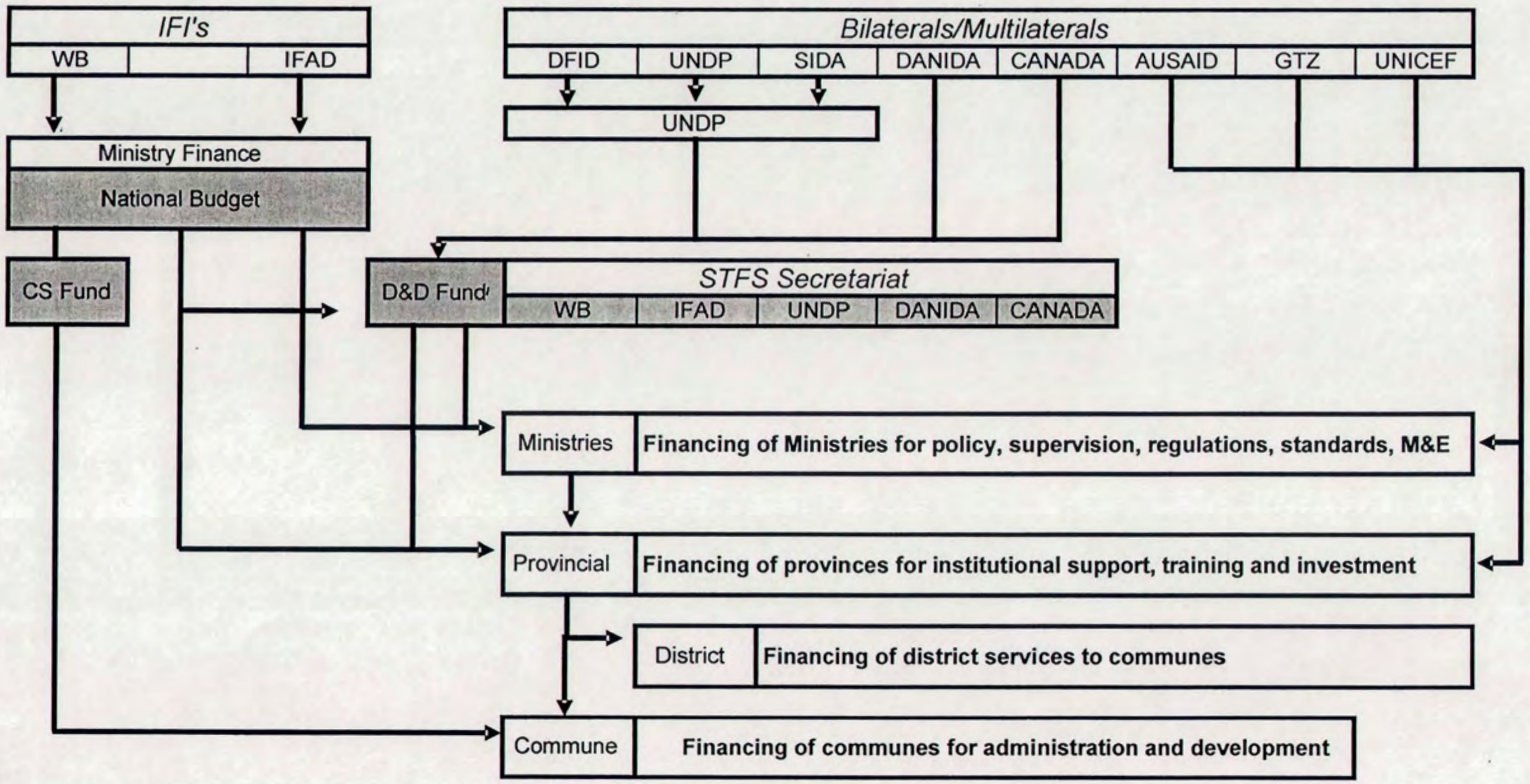
SUPPORT TO NATIONAL MINISTRIES : 2001-2005 (US $)							
INSTITUTION	**2001**	**2002**	**2003**	**2004**	**2005**	**TOTAL**	**%**
1. NCSC Members for Decentralization Policy, Supervision and Services							
Interior	30,000	200,000	100,000	100,000	131,000	**561,000**	34%
Economy and Finance	40,060	62,000	50,000	52,245	55,880	**260,185**	16%
Planning	30,000	35,000	45,000	40,000	72,000	**222,000**	13%
Rural Development	30,000	35,000	45,000	40,000	75,000	**225,000**	13%
Land Management	0	0	0	47,200	45,822	**93,022**	6%
Women's Affairs	30,000	30,000	35,000	49,780	101,670	**246,450**	15%
Council/Admin Reform	0	0	10,000	25,000	25,000	**60,000**	4%
subtotal	**160,060**	**362,000**	**285,000**	**354,225**	**506,372**	**1,667,657**	**100%**
2. Sector Ministries for Deconcentration Policy, Supervision and Services							
Agriculture	131,988	137,328	138,180	139,930	114,740	**662,166**	44%
Environment	0	0	0	0	20,000	**20,000**	1%
National Audit Authority	0	0	0	0	10,000	**10,000**	1%
NRE Advisory Group	0	0	14,000	25,900	20,200	**60,100**	4%
Rural Development	79,410	101,340	94,000	92,480	98,806	**466,036**	31%
Rural Devel't Bank	0	15,712	14,835	13,556	11,678	**55,781**	4%
Social Action	0	0	10,000	15,000	16,000	**41,000**	3%
Water Resources	30,000	30,000	15,000	30,000	35,000	**140,000**	9%
Other Ministries	0	0	0	10,000	45,400	**55,400**	4%
subtotal	**241,398**	**284,380**	**286,015**	**326,866**	**371,824**	**1,510,483**	**100%**
TOTAL	**401,458**	**646,380**	**571,015**	**681,091**	**878,196**	**3,178,140**	**100%**

Annex 3: Recourses mobilised under Seila framework 2001-2005 (US$)

DONOR	2001	2002	2003	2004	2005	TOTAL
NATIONAL BUDGET - Royal Government of Cambodia	1,447,368	6,017,248	11,312,282	13,044,814	14,959,567	46,781,279
MULTILATERAL GRANTS	10,095,820	11,658,737	14,364,690	15,486,559	14,446,596	66,052,402
UN-Donor Partnership for Local Governance	**5,695,820**	**6,569,647**	**11,113,516**	**11,722,475**	**12,240,223**	**47,341,681**
UN World Food Program	**4,400,000**	**4,706,090**	**2,307,210**	**2,546,845**		**13,960,145**
UNICEF/Seth Koma		**340,000**	**918,964**	**1,217,239**	**2,206,373**	**4,682,576**
UNV/Community Development in Angkor Park		**43,000**	**25,000**			**68,000**
BILATERAL GRANTS	1,263,400	2,004,187	3,320,979	4,851,867	3,086,237	14,526,670
Germany/GTZ	**1,113,400**	**1,700,000**	**1,905,126**	**2,056,153**	**1,100,102**	**7,874,781**
Australia/AUSAID	**150,000**	**150,000**	**1,022,858**	**766,634**	**436,135**	**2,525,627**
Denmark/DANIDA			**392,995**	**2,029,080**	**1,250,000**	**3,672,075**
Japan/Small Grants Facility		**154,187**				**154,187**
Canada/CIDA					**300,000**	**300,000**
LOAN PROGRAMS	4,964,488	5,033,449	6,973,292	13,798,222	11,337,325	42,106,776
IFAD/Agriculture Development Support to Seila (ADESS)	**1,735,081**	**2,261,508**	**1,780,843**	**1,174,866**	**760,000**	**7,712,298**
IFAD/Community Based Rural Development (CBRD)	**2,131,330**	**2,771,941**	**2,988,593**	**3,800,000**	**2,360,465**	**14,052,329**
IFAD/Rural Poverty Reduction Project (RPRP)				**1,514,156**	**2,866,860**	**4,381,016**
International Fund for Agricultural Development Total	3,866,411	5,033,449	4,769,436	6,489,022	5,987,325	26,145,643
World Bank/Rural Infrastructure and Local Governance (RILG)			**2,203,856**	**7,309,200**	**5,350,000**	**14,863,056**
World Bank/Northeast Village Development Project (NVDP)	**500,000**					**500,000**
World Bank/Social Fund of the Kingdom of Cambodia	**598,077**					**598,077**
World Bank Total	1,098,077	0	2,203,856	7,309,200	5,350,000	15,961,133
NGO and PRIVATE SECTOR GRANTS	90,000	382,583	250,000	90,000	435,000	1,247,583
AustCARE		**143,000**				**143,000**
GRET			**85,000**		**20,000**	**105,000**
Australian Volunteers	**90,000**	**90,000**	**90,000**	**90,000**	**90,000**	**450,000**
Private Donation		**149,583**	**75,000**			**224,583**
CONCERN					**325,000**	**325,000**
GRAND TOTAL	17,861,076	25,096,204	36,221,243	40,362,262	39,314,725	155,851,654

* Approximately $ 30 million of funds committed under Seila Framework covering period 2006-2010

Annex 4: 2005 Seila Program flow of funds



Annex 5: 2005 Siem Reap province budget and fund flow under Seila Framework

2005 Siem Reap Budget		
Investment		
Commune	**1,086,023**	**57%**
Province	**440,095**	**23%**
Subtotal	1,526,118	80%
Institutional	213,174	11%
Technical Support		
Governance	**116,080**	**6%**
Sector	**50,690**	**3%**
Subtotal	166,770	9%
GRAND TOTAL	1,906,062	100%

2005 Siem Reap Donors		
RGC	**566,966**	**30%**
PLG	**559,587**	**29%**
World Bank	**353,858**	**19%**
IFAD	**196,336**	**10%**
Danida	**149,302**	**8%**
CONCERN	**50,000**	**3%**
AusAid	**30,013**	**2%**
GRAND TOTAL	1,906,062	100%

2005 Implementation Contracts	
Commune - Private Sector	**195**
Service Delivery	**27**
Governance	**4**
GRAND TOTAL	226