

Final Report



EXIT CARERE

Sixth Report of the Sida Permanent Advisory Group

on

CARERE2

(Field Mission 16 November – 8 December 2000)

SPM Consultants

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ACRONYMS AND ABBREVIATIONS

AusAid	Australian Agency for International Development
CARERE	Cambodia Area Rehabilitation and Regeneration Project
CC	Commune Council
CDC	Commune Development Committee
CDC	Cambodian Development Council
CDP	Commune Development Plan
DDF	Decentralised Development Fund
DDP	District Development Plan
DFT	District Facilitating Team
DFDC	District Facilitating Development Committee
Excom	Executive Committee (PRDC)
EIA	Environmental Impact Assessment
FAO	Food and Agriculture Organisation
IEE	Initial Environmental Examination
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
LDF	Local Development Fund
LPP	Local Planning Process
M&E	Monitoring and Evaluation
MoF	Ministry of Economy and Finance
MoI	Ministry of Interior
MoWVA	Ministry of Women's and Veterans' Affairs
MPP	Minimal Package Project
MRD	Ministry of Rural Development
NGO	Non-Governmental Organisation
NPPP	National Professional Project Personal
PAG	Permanent Advisory Group (Sida)
PDP	Provincial Development Plan
PDIP	Provincial Development Investment Plan
PIMS	Provincial Investment Management System
PPM	Provincial Programme Manager
PRDC	Provincial Rural Development Committee
RGC	Royal Government of Cambodia
Sida	Swedish International Development Co-operation Agency
SIP	Seila Investment Plan
STF	Seila Task Force
ToR	Terms of Reference
TSS	Technical Support Staff
VDC	Village Development Committee
VDP	Village Development Plan
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme

EXECUTIVE SUMMARY

CARERE2, the support programme to Seila, was originally planned for the four-year period 1996 – 1999, but has been extended twice. The reason for the latest extension, January – June 2001, was to accommodate for sufficient planning of the new phase of Seila. Consequently, the CARERE2 programme is now in its final phase. The ending of CARERE2 and the continuation of Seila into a new programme make the current monitoring special in many respects. Although it would be ideal to discuss the exit strategy of CARERE2 to minimise the adjustments to the new programme, this can hardly be done since the support programmes yet need to be identified. There are certain aspects and lessons learned from the CARERE2 that would be useful to highlight for the entry into a new phase.

Overall developments

The progress of the capacity building within the Seila/CARERE2 again became evident during this Mission's fieldwork as the focus on the meetings and discussions were with provincial, district and commune staff (PRDC- Excom, CDCs, etc), while discussions with CARERE2 staff was more of a complementary character.

The year 2000 saw some considerable development regarding Seila and thereby CARERE2. The first and foremost is the change at national level where Seila has been adopted as the national programme for decentralised governance. Moreover, the national level has taken a clear lead in the formulation and planning of the next phase of Seila, involving the provinces and STF member ministries.

Government has already decided to start the new phase of Seila from 1 January 2001. Staff has been transferred to the new provinces, concurrent with a slimming down of staff in the "old provinces". As of end 2000, the provincial CARERE2 staff contains only national staff.

Monitoring and evaluation

Considerable efforts have been devoted to the monitoring and evaluation (M&E) of CARERE2/Seila, but still this is a problematic area. The Mission concludes that most of the old problems still remain. A new problem is the staff replacements in the M&E Units, which is partly outside the control of CARERE2. Efforts have been made to eliminate the shortcomings in the M&E system, but many still remain. There is further a need for a M&E strategy that takes into account the issues concerning impact assessment, and monitoring of the other activities besides project implementation, such as training, systems, capacity building, and acceptance of the Seila concepts. This problematic situation is not related to negligence by the management as considerable resources have been allocated to M&E. The Mission identified three factors that could explain the current situation:

- The ambitious M&E programme.
- The M&E was oriented towards computerised systems.
- Collection of a large set of various data.

A further explanation to the current position of the CARERE2 M&E system is that the management did not have a clear vision of the role and purpose of the M&E. This may explain the problems, and that the work of the M&E has to a large extent been fragmented, oriented towards data collection and computer processing, rather than initially trying to establish a simple tool that will assist the management in monitoring the programme. A new system must be in place when the new Seila starts, which is strategic, simple, clear, and understandable for the staff involved.

Documentation of the Seila Experiment

The Mission again noted with concern the absence of any progress regarding the matter to ensure that the CARERE2/Seila experiment will be documented and analysed. CARERE2/ Seila is unique and it is important that the achievements, constraints, experiences, views, lessons learnt, etc. are spread to a wider community; nationally, regionally and internationally. The analysis should also try to answer the crucial question: what are the factors that explain the success and constraints of the programme.

Planning

Further developments have taken place in year 2000 in areas that were initiated previously. In summary these include the following:

- A five-year development plan (2001-2005);
- A three-year rolling Provincial Development Investment Plan (PDIP);
- A one-year Seila investment plan, based on integration workshops at the district level.

The Mission noted with satisfaction that the provincial planning process has developed into a public investment management tool. Remaining work in this area is to develop the Seila annual plan into a provincial annual investment plan, where Seila is an integral part. Additional outstanding work is related to the integration of the four units of the Excom as an effective instrument for development management in the province.

The local planning process has been regularly reviewed, evaluated and streamlined. The latest such revision of the LPP took place at a workshop in August 2000. Based on the reviews and LPP work, a Manual of LPP Guidelines was prepared and will be available for the 2000/2001 cycle.

Financial System

In mid 1999, the new financial system was transferred to the PRDC and the provinces. The Mission found that the transfer of the financial system has matured and the system is working well, with only minor problems encountered. There is a need for further training of the financial focal points in the line departments for staff to fully understand the new system and its logic. The need for more training in financial management include the issue on decentralisation of the responsibilities that are central for financial management to achieve transparent development built on accountability and participation.

The Mission noted a trend to move towards direct payments concerning the investments under LDF. One of the implications of the direct payment mode is that the CDCs have a feeling that they are not in control of the funds for local development projects. The format of direct payment is contrary to the objectives of local empowerment and greater control of the resources at local level.

Crosscutting issues

Participation has historically been a key to the building of legitimacy and trust for the Seila concept at the local level as well as the key in implementing the right projects. The contradiction between participation and effective management have become evident, as noted by the PAG in the Commune study of 1999, resulting in the prioritisation of effective management over participation. The recently decreased ambition on participation, resulting from the shift in focus to the communes and the Seila expansion, in reality does not necessarily imply major changes on village level. Key processes marked by participation do point to important areas where villagers' input is still considerable.

The analysis of the Seila **poverty** issues of previous PAG- reports, especially the fourth report, still holds. The poorest strata are not directly targeted in the CARERE2 programme. This is understandable given that CARERE2/Seila works with improved public service delivery, aiming at long-term impact. Recognising the central role of poverty alleviation in development objective, it is expected that the programme would have a clear strategy on the extent and the role of poverty alleviation in relation to other aims and activities

The **gender** quota of CDC (one woman-one man as VDC representatives) is a positive step. Even with the gender quota in CDC, the number of men exceeds that of women in CDC meetings. Since female CDC-representatives are often responsible for information back to villagers, their absence is detrimental to the crucial link between village and commune. In the tendency to centralise participation and responsibility to a small, relatively well-educated and well-off "elite", women's position and role in this process must be given due consideration. It may be well worth pondering the conclusion of a well-known political scientist, that "Where power is, women are not". Selection and training of women representatives must more explicitly cater to needs of such a role. In more general terms, the shrinking

space for traditional command-style leadership and the encouragement of a "softer", more responsive and communicative leadership opens up for women and qualities associated with women to assume such roles. However, this connection as a potential vision of women leadership is usually not made. Within the CARERE2 administration, there is a notable lack of women in management positions.

No major developments have taken place in field of **environment**. The Mission found that the CARERE2 management has not taken any actions to include IEE in the project preparation. It seems that contacts with the Ministry of Environment have not materialised into any substantive guidelines or policy regarding the IEE within Seila.

Seila/CARERE2 funding position

Domestic resource mobilisation is still low in Cambodia as well as in the Seila provinces. However, there have been some positive developments beside the local mobilisation of resources as part of the Local Development Fund, which is around some 20%. The engagement of the national level is reflected in the considerably increased RGC's allocation in year 2000 compared to the previous year – from USD 200,000 to almost USD 1.5 million

The Mission noted with satisfaction that the **financial situation for year 2000 of CARERE2** and Seila has improved substantially compared to the initial scenarios made in 1999. Additional funds came the Netherlands, the World Bank, to be used for the reconciliation programme, and AUSAID. UNCDF agreed on bridging finance of the LDF for year 2000. IFAD was a new party that used the Seila system for channelling the funds to the five Seila provinces. The Mission also noted a positive development in terms of a larger number of international agencies that now give support to CARERE2/Seila, as DANIDA, DFID, GTZ have indicated that they will support Seila in the future

It was with concern that the Mission noted the shrinking 2001 budget, both in terms of investment as well as TA. But perhaps most worrying is the reduction in support to Government and civil society that touches the core of Seila. It is important that all components, investment, including LDF, government and civic society, and TA receive sufficient resources, or the programme will not be efficient. Investment is important not only for development purposes but also for staff to learn the Seila system and concepts, through learning by doing. Sufficient TA is crucial to build capacity, develop and transfer systems, and support the provincial development process.

In light of the transfer into the new Seila, it is important to build capacity and recruit sufficient staff, especially among PFTs, DFTs and TSSs. The recruitment and capacity building should be initiated already during the extension of the CARERE2 to accommodate the planned roll-out into new provinces. In the Mission's view, it is not only a matter of sufficient financial TA resources, the human resources may prove harder to find and they need to be identified and trained early. It is better to allow for a situation of overstaffing in 2001 and 2002, rather facing a situation of staff shortage in time for the planned 2003 expansion.

Expansion of Seila

As an integral part of the monitoring of CARERE2/Seila the Mission conducted a study of the recent expansion of the programme, which was decided in 1999 and implemented in 2000. The study has been reported separately. Contrary to the Mission's initial understanding, the expansion did not put excessive pressure on the Seila and provincial system. The Mission has identified five major critical factors for the success of the expansion, which are listed below:

- Preparedness, knowledge and motivation by new communes /villages
- Capacity building of the PFTs, DFTs and TSSs
- Seila systems are well established and integrated into the province administration
- Political consensus and commitment on province level
- Particular circumstances and Practical Problems

Transition into the new phase

A transition from an existing programme into a new phase naturally causes much uncertainty and risk. Already in one of the PAG's first reports it was stressed that the planning for the new phase needs to start early in order to avoid a "stop and go situation", with all its frustrations and potential impairment of a successful programme. However, the planning of the new Seila started too late to allow for a smooth transition without an extension of the current programme. Even with the decided extension there are several aspects of the transition that must be solved on an adhoc and short-term basis, which is not conducive to an efficient transition. Further, what is the current CARERE2 programme transitioning into? What will be the mode of donor support? Will there be a truly national execution as the Seila Task Force (STF) is proposing in the Royal Government of Cambodia's Seila programme document?

Conclusions

CARERE2/Seila is a successful and unique programme in decentralised local development and capacity building. The programme has succeeded beyond expectations in most areas – which was confirmed by the strategic evaluation of the programme in March this year. The programme is not only a means for delivery of investments, but also more so for establishing management and development systems and concepts related to democracy, accountability, transparency, reconciliation and participatory development. A greater national engagement in the programme and the decision to use Seila as the model for decentralised development, a greater coordination between donors, and a recognition to utilise the Seila structures and systems have all contributed to less fragmentation and competition of the national efforts to develop the rural areas in Cambodia.

The Mission has noted with satisfaction that the rapid expansion of the programme in existing provinces that took place during 2000 has proceeded smoothly and no major constraints have been identified. The system transfer has also advanced smoothly, although there are still problems with the M&E. Payments have been slow and the focal points at the departments and CDC need further training.

Recommendations are listed in Section 6.2, page 20

1. INTRODUCTION

1.1. *Exit of CARERE2 – entry Seila*

CARERE2, the support programme to Seila, was originally planned for the four-year period 1996 – 1999, but was extended in 1998 to cover the whole of 2000. In mid 2000, a further extension was agreed between the Royal Government of Cambodia (RGC) and the donors, covering the period January – June 2001. The reason for the additional extension was to accommodate the need for time for sufficient planning of the new phase of Seila.

The CARERE2 programme is now in its final phase, and the Seila programme will move into a new one from 1st January 2001, with an expansion into five additional provinces. The exit strategy of the current support programme or even more pronounced the entry strategy of a new support programme has hardly been discussed. However, the entry of a new phase of the RGC's Seila programme has been extensively argued and planned, within the government institutions as well as the donor community. On the other hand, the support programme to Seila has only recently started to be formulated. It is true that CARERE2 has made adjustments to accommodate the Seila expansion into five new provinces, and has discussed various possible scenarios of the new Seila support programme.

The ending of CARERE2 and the continuation of Seila into a new programme make the current monitoring special in many respects. Although it would be ideal to discuss the exit strategy of CARERE2 to minimise the adjustments to the new programme, this can hardly be done since the support programmes yet need to be identified. The monitoring of the performance of CARERE2 may also be overdue since an evaluation has already been done. The result of that evaluation has been incorporated into the new RGC's Seila programme document. However, there are certain aspects and lessons learned from the CARERE2 that would be useful to highlight for the entry into a new phase.

1.2. *The fieldwork and tasks*

The fieldwork of the third full fledged Permanent Advisory Group (PAG) – previously labelled Advisory Team (AT) - for monitoring of CARERE2 took place during the period November 13 - December 5, 2000. The Team consisted of three international experts: Dr. Jan Rudengren (Team Leader), SPM Consultants, Stockholm, Dr. Marita Eastmond, University of Gothenburg, and Dr. Joakim Öjendal, PADRIGU Consultants, Gothenburg. A team of field workers under the guidance of the PAG and Mr. Robin Biddulph assisted the PAG regarding the work in Pursat province.

The current monitoring mission was in focus and working methods similar to the previous field work in November 1999, as the major work was concentrated to a specific study: the expansion of CARERE2/Seila in year 2000. Secondly, the monitoring work was to update Sida and the PAG on recent developments in the context of CARERE2/Seila. Updating of development of the programme has been ongoing throughout the year in the form of six Mini-PAG missions, especially related to the formulation and planning of the new phase of Seila. Consequently, the current monitoring concentrated on past performance issues and issues that are important for the transition into the new programme.

The two components of the current PAG mission were as follows:

- Update on performance and developments in the CARERE2/Seila programme. Terms of reference are presented in Appendix 1. Rudengren had the prime responsibility for this component.
- A special study on *the expansion of CARERE2/Seila during the year 2000*. Terms of Reference are presented in Appendix 2. Eastmond and Öjendal had the prime responsibility for this component.

The Mission visited five provinces: Pursat (Eastmond and Öjendal) and Battambang, Banteay Meanchey, Otdar Meanchey and Siem Reap (Rudengren). The PAG had extensive discussions with the CARERE2 management, ministerial staff, and representatives of donors, NGOs and research communities in Phnom Penh. In the visited provinces, discussions were held with PRDC and Excom members, district, and commune staff and villagers (Appendix 3).

The Mission's fieldwork of this Mission had different features compared to previous missions, as the focus on the meetings and discussions were on provincial, district and commune staff (PRDC- Excom, CDCs, etc), while discussions with CARERE2 staff was more of a complementary character. This change in focus of interlocutors is clearly a result of the capacity building that the current programme has achieved in the provinces.

1.3. Acknowledgement

The PAG wants to take this opportunity to thank the CARERE2/Seila management and staff for organising the meetings and the fieldwork, and for allocating considerable time and resources to the AT. We are particularly thankful for the open and frank discussions that we had with the PRDCs, Excoms, DFDCs, CDCs and VDCs, as well as the villagers, and with the CARERE2 staff. We are grateful that the open dialogue that has been established between the PAG and CARERE2 and government staff can continue and has intensified further. We also want to extend our thanks to the villagers in the selected villages of the specific study for their cooperation and willingness to be interviewed.

1.4. The report

Below, the PAG reports on its findings and observations. As this Mission is basically an updating of CARERE2/Seila performance and recent developments only a few major items are reported. Further, the results of the specific expansion study and major findings are only summarised in this report (Section 3), as the study will be reported separately.

This report is written for an audience that is familiar with the CARERE2/Seila programme. Therefore the report is restrictive regarding background, descriptive and explanatory text. It further builds on the discussions and analyses of the previous five full PAG reports and six Mini-PAG reports.

2. FINDINGS OF THE MONITORING

2.1. Overall developments

The year 2000 saw some considerable development regarding Seila and thereby CARERE2. The first and foremost is the change at national level where Seila has been adopted as the national programme for decentralised governance. Moreover, the national level has taken a clear lead in the formulation and planning of the next phase of Seila, involving the provinces and STF member ministries.

Government has already decided to start the new phase of Seila from 1 January 2001. In respect to this decision, the programme will be expanded into five additional provinces – Kam-pot and Kampong Thom - to be financed by GTZ - and Takeo, Prey Veng and Kampong Cham financed under CARERE2. This decision has had, and will have, an impact on the organisation and support of CARERE2 in the last months of 2000 and the first six months of 2001. Staff selection for the new provinces started in October 2000 and staff has been moved from existing Seila provinces to the new ones. In addition to transfer from “old” to “new” provinces, CARERE2 staff has been slimmed in existing provinces. The scaling down was supposed to come to effect from 1 January, but since many staff had holiday leave to claim they left already in November-December during one of the peak working period of CARERE2/Seila. This situation puts additional strain on the remaining provincial staff. As of end 2000, the provincial CARERE2 staff now contains only national staff. To support the provincial work, two regional programme advisors have been instituted to assist management in existing and new Seila provinces.

The base for external support has been considerably broadened, as new donors have expressed interest to support the Seila programme or work through the Seila structure. New donors include, Belgium, Denmark, Germany and Great Britain. The World Bank has indicated that it will augment its engagement, while the Asian Development Bank and the EU remains indecisive regarding Seila. Consequently, the financing position from year 2002 looks bright, while there might be a problem in 2001 (see further Section 2.6). Moreover, the risk of a political struggle within the government and between the donors over which would the best model and mode for decentralised local development seems to have evaporated, as the government has declared Seila to be a national programme and structure.

The Mission noted with satisfaction the extent to which the capacity building has succeeded. In the provinces visited, the major parts of the meetings were with PRDC and staff of the Ex-com units. The members of PRDC and unit staff were able to have discussions similar to those the PAG has had with CARERE2 staff earlier. Discussions with CARERE2 staff in the provinces were held more to get a second opinion or confirmation of the views, observations and information received than to extract primary information. The only exception to this pattern was the discussion in Otdar Meanchey, where provincial staff was new and had too little experience in Seila work.

The major developments of the programme during 2000 have been summarised by the CARERE2 management and are included in Appendix 4.

2.2. Monitoring and evaluation

Considerable efforts have been devoted to the monitoring and evaluation (M&E) of CARERE2/Seila, but still this is a problematic area. The problems have been discussed in the previous PAG reports and the Mission concludes that most of the problems still remain. Beside a reporting system the M&E consists of the following components:

- Commune database – socio-economic data
- LDF database – progress information on LDF contract (projects)
- Mosquito database – detailed sector contracts (projects) data
- Contract database – local contract status
- Financial management system – budgets and accounting
- Training database – summary of training performed.

The current M&E consultant (Jan-Willem Rosenboom) lists several problems and shortcomings with present M&E system; these include:

- Information is generally not used in management contracts
- The system generates a lot of data, without much understanding of what key information is needed at different levels.
- Although cooperation between the Excom units has improved there is still little integration between the various units (see also below Section 2.2).
- The focus is on projects; overall long-term impact assessment does not exist.
- Information is fragmented

Previous PAG missions have raised many of these issues, and this Mission finds them still valid. Efforts have been made to eliminate the shortcomings in the M&E system, but many still remain. The M&E is still fragmented, and the various parts not always compatible. There is hardly any M&E strategy, not even in case of project monitoring: should all, even the smallest, project be subject to the same monitoring procedures? It is true that the M&E is included in the Seila operational manual. However, the section is short and focus on who has the responsibility for conducting M&E.

There is further a need for a M&E strategy that takes into account the issues concerning impact assessment, and monitoring of the other activities besides project implementation, such as training, systems, capacity building, and acceptance of the Seila concepts.

A new problem concerning the M&E, which is partly outside the control of CARERE2, is the staff replacements in the M&E units¹. Many staff is new, which implies a loss of capacity, and change in staff requires constant retraining. For example, in Battambang all three staff was new. The training of M&E focal points in the line departments and in CDCs may facilitate the performance of the M&E tasks and lessen the dependency on the M&E unit, but that unit still needs to be capable to lead and manage the M&E tasks of the province.

The Mission noted that the problems in the M&E area have marred the programme since the beginning. This situation is not related to negligence by the management as considerable resources have been allocated to M&E. The Mission identified three factors that could explain the current situation.

1. **The ambitious M&E programme.** CARERE2 set a high goal to establish a comprehensive M&E system, which proved to be too ambitious.

¹ A clearer role and understanding of the M&E might reduce the number of M&E staff that is leaving the MEI unit in the Excom.

2. **The M&E was oriented towards computerised systems.**
3. **Collection of a large set of various data.** As seen above the M&E system consists of several databases, that are not always compatible.

A further explanation to the current position of the CARERE2 M&E system is that the management did not have a clear vision of the role and purpose of the M&E. This may explain the problems and that the work of the M&E has to a large extent been fragmented, oriented towards data collection and computer processing, rather than initially trying to establish a simple tool that will assist the management in monitoring the programme. A simple system could over the programme period have been refined and developed into a full monitoring system. It is also important to separate the systems for monitoring, on the one hand, and that of evaluation on the other, although the two to some extent share common data. The latter focuses on the impact and long-term effects of a project, while the former has a short-term focus on effectiveness of the programme activities and outputs.

The Mission's view of the M&E is to a large extent confirmed by a survey of the Seila M&E that was conducted by J-W Rosenboom². The broad conclusion was that the people in the provinces did not have an idea what was actually going on within the M&E process – such as updating of databases or to what extent they were used. They had little idea of the reporting system and if it was actually used as a feedback loop. Consequently, there is a need to establish a strategy for the M&E work and to inform the staff of the role of M&E and its relationship to other activities in managing provincial and local development.

The ongoing work to establish an M&E system for the new Seila must be given the highest priority and provide clear guidance on what is expected. It is important that a system is in place when the new Seila starts. This M&E system should be strategic, simple, clear, and understandable for the staff involved. Further, the Mission noted that DFID and Sida have forwarded an idea of policy monitoring and analysis within the new Seila. This task should be placed in an independent (research) institution, closely involving a local research institution such as CDRI. By such an arrangement, domestic capacity in the area of policy analysis will be developed as part of the new Seila.

2.2.1. Documentation of the Seila experiment

The Mission again noted with concern the absence of any progress regarding the matter to ensure that the CARERE2/Seila experiment will be documented and analysed. This matter has been raised in all previous PAG's reports. Therefore, it is with greatest worry that the Mission again notes that nothing has been done during 2000 in this area. This is the only output – previously objective – that the programme has been unable to address and solve.

It is the Mission's opinion that this area should be urgently attended to and completed before the end of CARERE2. The timing is important to make use of the institutional memory and before key people have left CARERE2/Seila. In this respect, it may already be a high risk that it is too late. Thus, all possible resources should be mobilised to ensure documentation cum analysis of the programme. It is recommended that Sida either earmarks the required resources for this study as part of the allocation of the funding of the extension of CARERE2, or that additional funds in the range of SEK 1.5 million is raised to fund this activity.

² Jan-Willem Rosenboom. Seila Monitoring and Evaluation Mini survey. Tables of Results and Draft Analysis. December 2000.

CARERE2/Seila is unique and it is important that the achievements, constraints, experiences, views, lessons learnt, etc. are spread to a wider community; nationally, regionally and internationally. The analysis should also try to answer the crucial question: what are the factors that explain the success of the programme despite the turbulent environment and initial lack of national capacity and initiative within which the programme operated.

2.3. Planning

Planning has been a recurrent issue of the PAG missions. This Mission confirmed the developments already noted in the previous PAG mission and report. The planning is now definitely moving in the direction of a tool for the development of the province, not a list of dream projects. The planning process consists of four broad parts:

- Tool for mobilising financial resources from donors and NGOs – this was in the beginning the only purpose of the planning process.
- Instrument for mobilising local resources and engagement - LPP
- Tool for managing the public provincial investment, this is an area that has become more pronounced in the last year within Seila.
- Tool for allocation of scarce investment resources; this area still needs further development and training.

2.3.1. Provincial planning

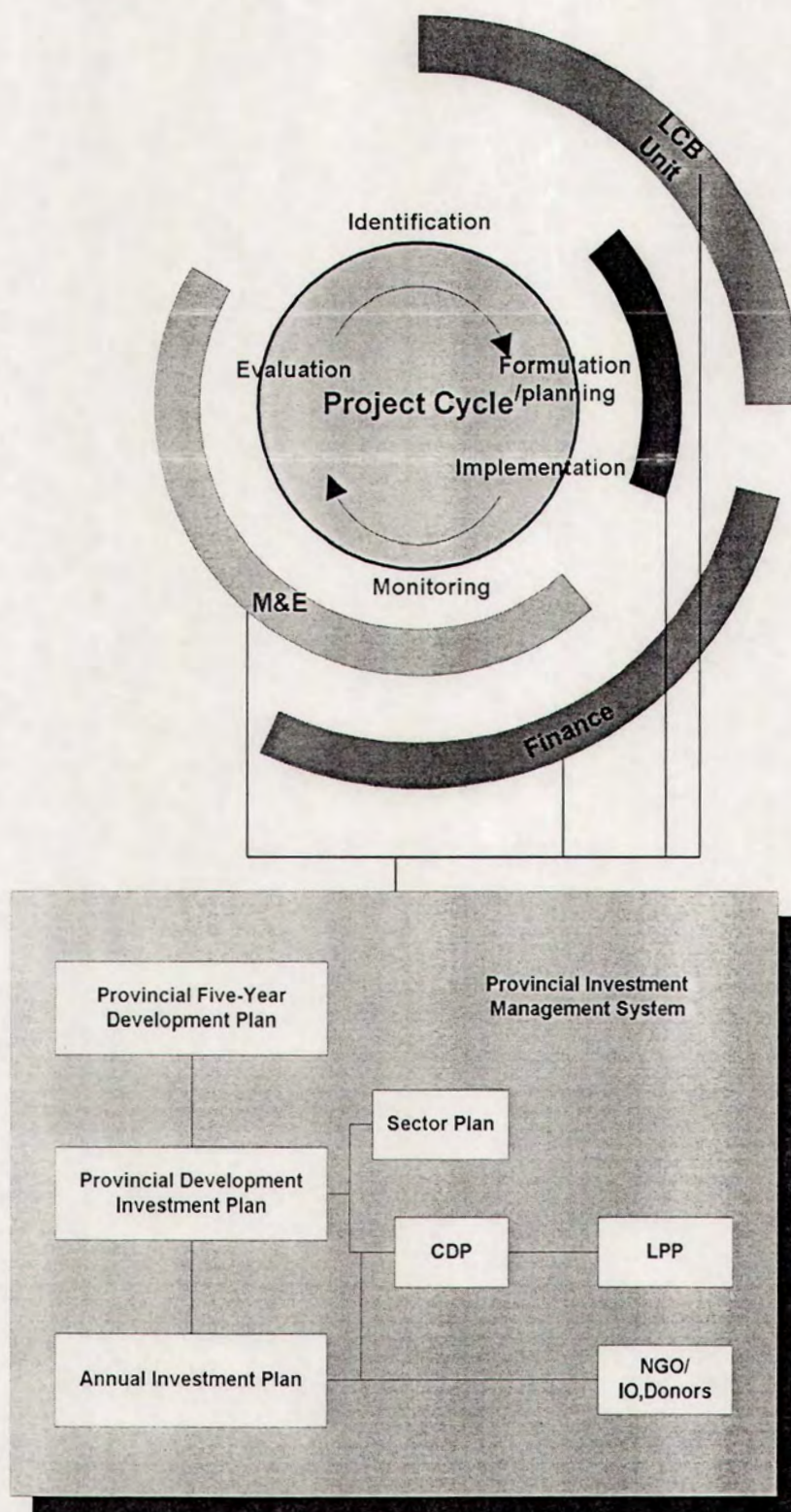
Further developments have taken place in year 2000 in areas that were initiated previously. In summary these include the following:

- A five-year development plan (2001-2005) has been prepared based on guidelines by the Ministry of Planning. All provinces are supposed to prepare this plan but only "Seila" provinces would have the capacity.
- A three-year rolling Provincial Development Investment Plan (PDIP) has been prepared, which is updated annually. The plan is printed but also exists as an Excel file. The plan is based on the commune development plans and sector plans. The plan consists of (1) ongoing projects, (2) committed projects, and (3) high priority projects.
- A one-year Seila investment plan, based on integration workshops at the district level where commune, sector and NGO investments are presented and matched.

The Mission noted with satisfaction that the provincial planning process has developed into a public investment management tool, very much in line with the Provincial Investment Management System (PIMS) that the PAG presented and discussed in the previous (fifth) PAG report. Remaining work in this area is to develop the Seila annual plan into a provincial annual investment plan, where Seila is an integral part. The annual plan would include Seila investments but also investments by the line departments, NGOs and IOs and major donors such as development banks, UN organisations etc.

A problem with the establishment of an annual investment plan is that at the integration meeting in October many of the NGOs and IOs cannot provide commitments, only indicative figures as the fiscal years of the organisations varies. However, a quarterly update of the PDIP would make it possible to include newly committed projects that have been approved after the integration workshop. An annual investment plan based on the PDIP and updated quarterly would thus serve as a good tool for the public investment management in the province.

Figure 2.1. Visualisation of the Excom units in relation to project cycle and the PIMS



Additional work that remains is related to the integration of the four units of the Excom as an effective instrument for development management in the province. In discussions with members of PRDC and Excom it becomes clear that the integration between the various units could be improved by explaining how the work of the units of the Excom is interlinked and interdependent³. An attempt to visualise the work of the four units in relation to the project cycle and the PIMS is presented in Figure 2.1 above.

2.3.2. Local planning process

The local planning process has been regularly reviewed, evaluated and streamlined. The latest such revision of the LPP took place at a workshop in August 2000. Based on the reviews and LPP work, a Manual of LPP Guidelines was prepared and will be available for the 2000/2001 cycle (see further Appendix 4).

2.4. Financial system

In mid 1999, the new financial system was transferred to the PRDC and the provinces, which encompassed the investment funds channelled through Seila. Much of the financial management was also transferred from CARERE2 to PRDC as a result of the new system. The Mission found that the transfer of the financial system has matured and the system is working well, with only minor problems encountered. In some instances, it is difficult for the line departments to appreciate fully the new system, as it requires more planning, more follow-up and reporting. There is a need for further training of the financial focal points in the line departments for staff to fully understand the new system and its logic.

The Mission noted with concern that there are cases of slow payments of contractors. To achieve a reliable system that all parties can trust, it is essential that delay in payments do not occur. Slow payments may ultimately put the Seila programme in jeopardy as contractors may become reluctant to bid on Seila financed projects⁴. Contractors have a penalty clause for late completion of the project. However, there is no penalty for late payment of the contractor. A system that ensures a balance of duties and responsibilities between the two contracting parties needs to be developed.

The Mission also noted a trend to move towards direct payments concerning the investments under LDF. One of the implications of the direct payment mode is that the CDCs have a feeling that they are not in control of the funds for local development projects. The format of direct payment is contrary to the objectives of local empowerment and greater control of the resources at local level. With the election of the Commune Council it is envisaged that the communes will assume greater responsibility over their investment funds – not only planning, but also financial management. It is therefore important that, already at this stage and with the introduction of the new financial system, the CDCs get the capacity and the responsibility to

³ The lack of an understanding of the interdependency and integration of the work of the Excom units is also confirmed in the M&E survey (see footnote 2), as many of the M&E staff states that they seldom use financial or contractual data in their work.

⁴ The Mission came across a situation in Siem Reap, where contractors have not been paid for several months after the completion of the projects. The contractors had borrowed money in order to complete the projects and are now making losses as a result of no payment. The cases that the Mission found were projects financed under a World Bank programme. The situation has now gone that far that when contractors are invited to tender for projects they ask for information on the financing agency. If it is the World Bank, they are not interested to participate.

manage their investments fund. The Mission recommends that the format of indirect payment is promoted, and that the CDCs get considerable more training in financial management.

The need for more training in financial management including the issue on decentralisation of the responsibilities are central for financial management to achieve transparent development built on accountability and participation. It is true that indirect payment requires commune bank accounts and a banking system, which in most cases are absent. However, in provinces with banks – e.g. Battambang and Siem Reap - there is no reason why indirect payments cannot be implemented, since it is done in full scale in Pursat.

2.5. Crosscutting issues

2.5.1. Participation

Participation has historically been a key to the building of legitimacy and trust for the Seila concept at the local level as well as the key in implementing the right projects. Local ownership rested on the idea of extensive PRA exercises carried out through a number of mass meetings as well as extensive work by members of the VDC. As described in the 1999 re-definition of the LPP, when shifting focus towards the communes, the Seila presence at the local level was reduced. This was necessary for accomplishing the Seila expansion. The shift and expansion have implied that:

- DFTs only visit the villages 1-2 days in the planning process;
- The DFTs focus on CDC training, support and supervision;
- In the villages the DFTs primarily assist in VDC formation and carry out data collection;
- The VDC-members are primarily active through their work in the CDC.

Under this process little resembles a participatory process - in the true meaning of the word. The contradiction between participation and effective management have become evident, as noted by the PAG in the Commune study of 1999, resulting in the prioritisation of effective management over participation. While potentially being a risk for Seila programme degeneration, it is not self-evident that this is to the disadvantage of the villagers. Many villagers simply do not have the time or the interest to take part in long LPP-exercises, but are willing to get engaged when physical (infrastructure) improvements in their villages become reality.

Although the idea of village participation initially was important for CARERE2/Seila, in reality little genuine participation was achieved (Biddulph 1997; 1998; 1999; Hasselskog 2000). It is worth mentioning that the recently decreased ambition on participation, resulting from the shift in focus to the communes and the Seila expansion, in reality does not necessarily imply major changes on village level. Key processes marked by existing participation do point to the important areas where villagers' input is still considerable.

The first such input is the VDC-formation where the villagers elect representatives from a list of candidates worked out by the commune authorities in cooperation with village chiefs. While not a perfect democratic process, it is a process that seems to give the villagers a certain degree of trust in that their voices are heard at the upper levels. The second is the local contributions, in Pursat 3% in cash and 17% in kind. While not easy to collect, it usually succeeds eventually. This represents a considerable local input providing a certain degree of ownership. Thirdly, for every infrastructure project there is a sub-committee for the monitoring of the implementation phase. This committee partly consists of villagers, and reports to

the CDC. Finally, the actual participation in the work of CDC (by VDC-members) represents perhaps the single most important input by villagers on the overall allocation process; ideally two representatives from every village (a man and a woman) should be a part of the CDC, thus making up the mainstay of the CDC.

To safe-guard village input to the process and thereby a minimal degree of local engagement it is important to: (i) keep up the integrity of the election process, (ii) make sure local contributions are raised, (iii) have village-based active and monitoring, and (iv) maintain the presence and engagement of VDC-members at the CDC. While generally at work, it is also obvious that those processes sometimes falter.

The above critique of the participatory aspect of Seila should not necessarily be seen as an across the board critical review of the programme. Instead it should be viewed as a recommendation to remove a rhetorical use of the term in the programme image, making way for other actors, such as NGOs, to take on that participatory role.

2.4.2. Poverty

The analysis of the Seila poverty issues of previous PAG- reports, especially the fourth report, still holds. The poorest strata are not directly targeted in the CARERE2 programme. This is understandable given that CARERE2/Seila works with improved public service delivery, aiming at long-term impact. Recognising the central role of poverty alleviation in development objective, it is expected that the programme would have a clear strategy on the extent and the role of poverty alleviation in relation to other aims and activities. However, such a strategy is largely missing⁵. Regarding the targeted poverty alleviation programmes, baselines could have been established and methods developed, at least for improving the quality of model experimentation.

2.4.3. Gender and equity

Women have consistently been more active in the Seila process at village level, especially during the longer LPP, while men have had to be "away to work". Given the insufficient collection of data on villages following the new LPP and expansion, it was questioned how and by whom village needs and types of projects selected will be represented in the new model. SEILA staff explained, however, that in the new model, discussion at the priority meeting will be divided into male and female groups so as to capture a gendered listing of priorities. Even so, the woman CDC member will be carrying greater responsibility in collecting, defining needs from women's point of view, and representing this at commune level.

The gender quota of CDC (one woman-one man as VDC representatives) is a positive step. Even so, the tendency observed in older villages to disregard meetings and training at commune level due to decreased or withdrawn remuneration is more noticeable among women CDC-members. They may have greater difficulty legitimating taking time away from income generating activities. Even with the gender quota in CDC, the number of men exceeds that of women in CDC meetings. Since female CDC-representatives are often responsible for information back to villagers, their absence is detrimental to the crucial link between village and commune.

⁵ A poverty strategy is under development for the new Seila programme.

In the tendency to centralise participation and responsibility to a small, relatively well-educated and well-off "elite", women's position and role in this process must be given due consideration. It may be well worth pondering the conclusion of a well-known political scientist, that "*Where power is, women are not*". Selection and training of women representatives must more explicitly cater to needs of such a role.

In more general terms, the shrinking space for traditional command-style leadership and the encouragement of a "softer", more responsive and communicative leadership opens up for women and qualities associated with women to assume such roles. However, this connection as a potential vision of women leadership is usually not made.

Within the CARERE2 administration, there is a notable lack of women in management positions or in sectors other than LCB and gender. Also, as management is increasingly being staffed by Cambodian nationals, the appointment of women is crucial for a better gender balance. The tendency so far is to appoint men. Needless to say, Seila, as any other system or organisation, cannot have a credible gender strategy with an effective input at lower levels, unless role models are established at the top.

2.4.4. Environment

No major developments have taken place in this field. The Mission found that the CARERE2 management has not taken any actions to include IEE in the project preparation. It seems that contacts with the Ministry of Environment have not materialised into any substantive guidelines or policy regarding the IEE within Seila. The Mission still wants to promote the view of the previous monitoring mission that steps should be taken to include IEE in the subproject preparation. As an initial phase, the inclusion of IEE would serve as a means to increase the awareness of the environmental aspects among provincial and project staff.

A major step of including environmental issues in the new Seila programme will be taken, since DANIDA has committed funds for development and elaboration of a Seila environmental strategy. This work is envisaged to be started in mid 2001.

2.6. Seila/CARERE2 funding position

2.6.1. Domestic resource mobilisation

Domestic resource mobilisation is still low in Cambodia as well as in the Seila provinces. However, there have been some positive developments beside the local mobilisation of resources as part of the Local Development Fund, which is around some 20%. Albeit small, provinces are now officially allowed to raise taxes for their own funds. There are examples of CDCs and VDCs charging a road toll for using roads that have constructed by local development funds. The engagement of the national level is reflected in the considerably increased RGC's allocation in year 2000 compared to the previous year – from USD 200,000 to almost USD 1.5 million. The importance of the RGC's funds in local development is visualised by the fact that almost 50% of the budgeted commune investment in 2001 is funded by the government. These issues regarding domestic resource mobilisation and particularly local mobilisation of resources are likely to become a key area in the forthcoming decentralisation reform.

2.6.2. Donor funding

The Mission noted with satisfaction that the financial situation for year 2000 of CARERE2 and Seila has improved substantially compared to the initial scenarios made in 1999. Additional funds came the Netherlands (USD 4.6 million for 1999-2000), the World Bank to be used for reconciliation programme (USD 1.6 Million) and AUSAID. UNCDF agreed on bridging finance of the LDF for year 2000 totalling USD 600,000. IFAD was a new party that used the Seila system for channelling the funds to the five Seila provinces totalling USD 1.8 million for year 2000. Beside the additional funds, the Mission also noted a positive development in terms of a larger number of agencies that now give support to CARERE2/Seila. This trend has gained further momentum as DANIDA, DFID, GTZ have indicated that they will support Seila in the future. Donor coordination also seems to be working better as regular meetings have taken place in the planning of the new phase. Problem areas in donor coordination around Seila refer to Asian Development Bank and the EU. The former are planning two large programmes in "Seila provinces" without coordinating with Seila or other donors.

2.6.3. Budget 2001

The Mission received information on the funding position for CARERE2 and the requirements for 2001 and onwards. In the analysis of the financial position of CARERE/SEILA it is difficult to make comparative analyses over years, since the classifications vary.

The information provided by the CARERE2 management on the likely funding scenario and budget for 2001, and the budget for the previous year 2000 (Table 2.1), reveals some striking results:

- The total budget for 2001 is some USD 4 million smaller compared to 2000, despite the fact that there are three additional provinces and 71 more communes in existing provinces.
- The TA component is some USD 600 000 less compared to 2000, although the requirements are bigger.
- Investments in 2001 have decreased by USD 1.6 million compared to the previous year – sector investment has decreased considerable while commune investments have increased as a result of the WFP – food for work.
- Support to the capacity building and themes – such as gender, environment, civic society, STF, PRDC, etc. has decreased by USD 1.8 million.

It is with concern that the Mission noted the shrinking 2001 budget, both in terms of investment as well as TA. But perhaps most worrying is the reduction in support to Government and civil society that touches the core of Seila. It is important that all components, investment, including LDF, government and civic society, and TA receive sufficient resources, otherwise the programme will not be efficient. Investment is important not only for development purposes but also for staff to learn the Seila system and concepts – learning by doing. Sufficient TA is crucial to build capacity, develop and transfer system and support the provincial development process.

In light of the transfer into the new Seila, it is important to build capacity and recruit sufficient staff, especially among PFTs, DFTs and TSSs. The recruitment and capacity building should be initiated already during the extension of the CARERE2 to accommodate the planned roll-out into new provinces. In our view, it is not only a matter of sufficient financial TA resources, the human resources may prove harder to find and they need to be identified

and trained early. It is better to allow for a situation of overstaffing in 2001 and 2002, rather facing a situation of staff shortage in time for the planned 2003 expansion.

Table 2.1: CARERE2/Seila budget 2000 and 2001.

	Yea 2000		Year2001 (1)	
	USD	%	USD	%
Investment	7 662 13	66,6%	6 024 915	75,2%
Sector investment	5 341 60	46,4%	1 992 437	24,9%
Agriculture	1 995 65	17,3%	1 515 853	18,9%
Infrastructure	2 313 30	20,1%	116 654	1,5%
NRM	53 07	0,5%	134 666	1,7%
Education/culture	286 24	2,5%	151 363	1,9%
Health/WatSan	369 30	3,2%	73 901	0,9%
1999 carry over	324 02	2,8%		0,0%
Commune	2 320 53	20,2%	4 032 478	50,3%
LDF	2 290 53	19,9%	2 262 730	28,2%
Local sector support	30 00	0,3%		0,0%
Food (2)			1 769 748	22,1%
Gov./Civil Society	3 842 58	33,4%	1 986 366	24,8%
Excom	852 03	7,4%	800 271	10,0%
Commune support	169 06	1,5%	66 112	0,8%
Reconciliation	1 480 19	12,9%		0,0%
Themes (gender, land use, media,etc)	282 40	2,5%	310 679	3,9%
1999 carry over	579 59	5,0%		0,0%
National SIP/programme support	479 29	4,2%	809 304	10,1%
Total	11 504 72	100,0%	8 011 281	100,0%
TA	3 307 18		2 704 000	
Grand total	14 811 90		10 715 281	
Provinces/municipalities			10 (12)	
Communes	21		303 (313)	

Note 1: Excluding Kampong Thom and Kampot Prov.

Note 2: Estimated value of food in the WFP food for work programme

3. EXPANSION OF SEILA

As an integral part of the monitoring of CARERE2/Seila the Mission conducted a study of the recent expansion of the programme⁶, which was decided in 1999 and implemented in 2000. The study will be reported separately, but below is a summary of the factors that the Mission finds critical for the Seila success of its roll-out strategy.

3.1. Assessment of Critical Factors

A part of the expansion study was to identify critical factors of the recent CARERE2/Seila expansion with a focus on the experience in Pursat. Contrary to the Mission's initial understanding, the expansion did not put excessive pressure on the Seila and provincial system. When asking which factors that have been critical in the success of the expansion, the Mission has identified five major ones, which are discussed below.

3.1.1. Preparedness, knowledge and motivation by new communes /villages

The training task involved in the expansion process was an impossible one. Not only were the new CDCs required to master a large number of systems, forms and rituals, there was also a call for a considerable change in attitude and leadership behaviour. This task is not yet finished and the CDCs are generally not capable of being a fully functional part of Seila at this stage.

However, as far as the Mission can judge, the CDCs have done their utmost to prove themselves 'worthy' of being a part of Seila. They have agreed to keep on struggling with a system they have not yet internalised or fully understood. It is important to stress that this working method is only possible with highly motivated CDCs.

It is obvious that CDC members believe – right or wrong – that Seila is a future model for local governance, and that it will bring good effects to their communes. The villagers seem to be willing to give the idea of Seila and its advocates the benefit of the doubt. Obviously the word is spreading among the villages that Seila has brought infrastructure improvements. The Mission failed to detect any major divergence between the local authorities and the civil society in this matter.

The Mission is of the view that the rapid expansion under the relatively limited budget would have been infeasible without the preparedness, knowledge and motivation shown by the local leadership in the new Seila villages and communes. Any similar expansion without this factor is bound to run into difficulties. From this observation a recommendation is made: *When establishing a Seila presence in a new province, start in communes that are visible, have good access and have good chances of success.*

3.1.2. Capacity building of the PFTs, DFTs and TSSs

It is clear from the study that the capacity to train, involve and supervise the new communes is to a large extent derive from the capacity built within the groups of DFTs, PFTs and TSSs. The capacity among this category of staff is critical for the success of the programme. During the year of expansion they were capable of:

⁶ The analysis and conclusions are mostly based on the Pursat experience.

- i) Changing their working methods from predominantly working in the villages to working with the communes;
- ii) Changing the content of their work from largely PRA exercises to more advanced training of the CDCs;
- iii) Considerably increase their workload as they typically got responsibility for 1-2 communes each (or one district each for the PFTs and TSSs);
- iv) Not only deliver prepared training courses, but also in a more organic sense support or supervise CDCs.
- v) Remaining motivated and committed during this change.

Most of the DFTs, PFTs and TSSs have worked for several years within the CARERE2/Seila programme, acquiring a solid knowledge of the Seila concept and its working methods as well as developing a well functioning platform on the province/district level.

The Mission believes that the expansion as observed in Pursat would have been impossible without this pool of advisers cum trainers. The obvious lesson is that one DFT can handle one commune, but it is also obvious that they cannot do that without the preceding years of experience. Therefore the Mission recommends *to invest early in an excessive number of DFTs PFTs TSSs, since these are the core of the staff.*

3.1.3. Seila systems are well established and integrated in province administration

The study and monitoring show that the Seila systems worked quite well, with the exception of monitoring and evaluation (M&E). The finance system is new and sometimes perceived as complicated. However, the problems encountered in these two systems do not explicitly emanate from the expansion. The Local Planning Process (LPP), although slimmer and focusing on the commune level, functions well and information is rather straightforward.

Moreover, it seems that Seila is benefiting from work and services emanating from the regular province administration. This is particularly important for management where the directors of the various departments threw their weight behind Seila, but also in terms of various Seila focal persons at different positions. Seila seems to be turning into an integrated part of regular province administration.

Both the aspects stressed here – the functioning of the systems and the integration into regular province administration – are crucial for a rapid expansion. If these two aspects had not functioned, the province level would have been bogged down in heavy workloads. There have not been and there are not sufficient resources at provincial level to solve such problems. *The Mission therefore recommends that the province administration, leadership as well as the civil servants, must be knowledgeable and committed before any expansion into new provinces is undertaken.*

3.1.4. Political consensus and commitment on province level

The Seila programme is ultimately depending on the willingness of the civil servants at different levels to change previous working methods. In many cases this means much more focused work and longer hours than what was needed before. It also seems to be the case that Seila draws on the goodwill of both the technical departments as well as some employees' acceptance of awkward working conditions. Finally, Seila might redistribute benefit and

status patterns among the province administration, particularly among its leadership. It is not self-evident that these changes will be appreciated in all quarters.

However, in Pursat it seems like no internal power struggle has ensued. On the contrary, from the governor down to individual commune chiefs, there seems to be a consensus that Seila is a good approach to promoting rural development. Likewise, all department heads the Mission met with were positive both to Seila in principle and to the expansion. A critical factor here might be the sector support by the CARERE2/Seila programme. If the sector support is not ensured and predictable in the future, there are no incentives for these departments to engage in Seila. This observation holds for old Seila provinces as well as new ones. From the latter's point of view, a Seila without sector support will only be something that takes away resources from the common pool of provincial resources for the benefit of others. This is bound to create intra-province conflicts, or at least resistance. In Pursat, some from the provincial leadership were aware of this risk, although the lack of support to the sectors had not (yet) reached a critically low level, allowing the issue to be brushed aside for the moment.

Seila is a 'soft machinery' that needs consensus and commitment. Therefore, the Mission recommends *that an effort is made to keep a wide range of incentives for the province administration. For example, this could be done through the maintaining of sector support. Sector support (investment) will get an increasingly important role in light of the potentially decreasing LDFs.*

3.1.5. Particular Circumstances and Practical Problems

The without comparison most cited difficulty in Pursat in relation to the expansion was the logistical obstacles in reaching remote communities, sometimes without a road. Not only was travelling difficult. In light of travel difficulties and other unexpected complicating factors, the rather complex working schedule of the DFTs and PFTs proved demanding. If communication capacities could be strengthened, the DFTs and PFTs would be able to work much more efficiently.

Moreover, during 2000 rather extreme flooding situations have occurred in Pursat, and in addition to travel difficulties for the DFTs, there are of course severe difficulties for the communities to respond to the often fairly demanding Seila program. For instance, to collect local contributions from a community that lost 80% of its rice harvest is unrealistic, as well as to demand villagers to attend frequent meetings when they literally have to swim. In addition, communities with low education levels and/or poorly educated leaders are likely to have greater difficulties to make good use of Seila programme.

Therefore the Mission recommends that *as a future expansion strategy, at least initially, due attention is given logistical difficulties and the relative proneness to local disasters. In the short run, a trade-off between poverty alleviation and systems establishment might be necessary when moving into new provinces.*

4. TRANSITION INTO THE NEW PHASE

A transition from an existing programme into a new phase naturally causes much uncertainty and risk. Already in one of the PAG's first reports it was stressed that the planning for the new phase needs to start early in order to avoid a "stop and go situation", with all its frustrations and potential destruction of a successful programme. However, the planning of the new Seila started too late to allow for a smooth transition without an extension of the current programme. Even with the decided extension there are several aspects of the transition that must be solved on an adhoc and short-term basis, which is not conducive to an efficient transition.

The ending of the of CARERE2 and the transition into a new programme has in many respect started, despite the fact that the most essential part is missing - the definition of how the next support programme will look like. Thus, what is the current CARERE2 programme transiting into? What will be the mode of donor support? Will there be a truly national execution as the Seila Task Force (STF) is proposing in the Royal Government of Cambodia's Seila programme document?

It may be argued that a large part of this monitoring and as well as the expansion study are parts of the "exit CARERE2 and entry new Seila". It is imperative that this process is smooth with minimum disruption or worse destruction of the work that the current programme has achieved. Unfortunately, there are signs that the transition may not be as smooth as required. CARERE2 staff is already in a position of great uncertainties about their contracts, communes have meagre LDF resources and no indication of a stable source of resources in the future, and sector investment outside agriculture in IFAD supported provinces are largely missing in 2001, especially in case of the new provinces.

5. FOLLOW-UP ON PREVIOUS PAG RECOMMENDATIONS

The Mission noted that most of the recommendations in the previous PAG reports have been addressed by CARERE2 and Seila management. However, there are a few exceptions:

- Work on the documentation and analysis of the unique Seila experiment shall be done during the next year. A work plan and resource requirements should be discussed and largely agreed upon during the midterm review of CARERE2 between Sida and UNDP in mid December 1999.
- Most work remains regarding development and adoption of IEE guidelines.
- There is need for additional allocation of training resources in the new financial system, especially at commune level.
- General staff meetings at the HQ have not been reinstated

It is the view of the Mission that these recommendations should be revisited and addressed as soon as possible, since their implementation would have a positive impact on the performance of the next phase of the programme.

The Mission noted with satisfaction, however, that the recommendations in the previous PAG report have been addressed, this holds for CARERE, as well as for the STF and to a large extent the donor community.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

CARERE2/Seila is a successful and unique programme in decentralised local development and capacity building. The programme has succeeded beyond expectations in most areas – which was confirmed by the strategic evaluation of the programme in March this year. The programme is not only a means for delivery of investments, but more so for establishing management and development systems and concepts related to democracy, accountability, transparency, reconciliation and participatory development. The easy component of the programme is the delivery investments/projects dimension, while system development and transfer require more resources and time. The most difficult part is related to the concept dimension of democracy, participation, accountability and transparency. Consequently, there are the two last dimensions (systems and concept development) that should set the pace for further expansion and the resource requirements.

In 2000, Seila has been acknowledged as the national model for decentralised development and has inspired as well as provided knowledge and experience to the ongoing decentralisation reform. It has also been recognised in a wider donor community, and several new donors have expressed an interest to finance development programmes through the Seila system or to finance the new Seila core activities and structure. This development of a greater national engagement in the programme and the decision to use Seila as the model for decentralised development and a greater coordination between donors and a recognition to utilise the Seila structures and systems have all contributed to a less competition and fragmentation of the national efforts to develop the rural areas in Cambodia.

The Mission has noted with satisfaction that the rapid expansion of the programme in existing provinces that took place during 2000 has proceeded smoothly and no major constraints have been identified. The CARERE2 and Excom staff has managed to assume the additional workload. The PAG-expansion study concludes, among other things, that a full expansion into remaining communes in the 6 original provinces should take place, with the exception of Ot-dar Meanchey. However, caution should be exerted concerning the expansion into new communes in the five additional provinces to be included in 2001, at the pace recommended in the Programme Document for the new Seila. Furthermore, the planned expansion in 2003 should be carefully analysed and preceded by thorough monitoring of the expansion up to 2002.

The system transfer has also advanced smoothly, although there are still problems with the M&E and in some cases with the financial system. In the latter, payments have been slow and the focal points at the departments and CDC need further training. A real concern of the Mission is that the documentation and analysis of the Seila experiment has still not started.

The final 6 months of the CARERE2/Seila are crucial for providing a smooth transfer into the new Seila that will start in July 2001. There is a great risk that an undesirable “stop-and-go” situation will develop, if not concerted efforts from the RGC and the donors are taken to have an early decision of the new Seila. This concerns the amount of recourses for TA and investments, the mode for donor funding and national execution. It must be clear within one or two months how the Seila will look like to make it possible to establish a transition strategy. The new Seila must also from the start have a situation of a medium term predictability of available resources.

6.2. Recommendations

- A smooth transition into the new Seila is essential to minimize disruption and avoid loss of capacity and confidence already built. Therefore, the work on exit CARERE2 and entry Seila should start already in early 2001. Therefore a strategy should be established.
- It is recommended that the documentation and analysis of the CARERE2/Seila experiment will receive highest priority, and that a suitable consultant (or group of consultants or a research institution) is immediately engaged and resources allocated. An allocation to this effect can be included in the agreement of the financing of the extension of the CARERE2 for 6 months in 2001.
- The financial system should encourage the indirect payment mode, where the banking system allows. An indirect system will give greater power to the communes over the funds and payments – a situation that will eventually be realised with the decentralisation reform has been implemented. The mode of indirect payment should be encouraged to give the commune greater power and thereby ownership of the development process. Therefore it is important that the commune officials receive training already now through learning by doing.
- An M&E system and strategy should be developed and established before the new Seila starts.
- The CARERE2 –management and STF should take concrete steps to encourage a larger share of women in management positions in the programme.
- CARERE2 and Seila shall immediately start to recruit additional staff to ensure that sufficiently trained and experienced staff is available in 2003 when the new great expansion will take place. An overstaffing in 2001 and 2003 is necessary to secure sufficient staff during the whole programme period.
- There is a great need for additional training in the financial systems at within departments, but more so at commune level.
- To monitor closely and analyse the experience of the expansion – roll-out strategy- of Seila in 2001-2002. The result of which should decide the pace of the expansion.

Appendix 1: Terms of Reference of the Monitoring of the CARERE2 Programme in November –December 2000

DRAFT

Background

Sida has supported the CARERE2 programme for rural development in Cambodia since its effectiveness in 1996. A Sida advisory team has been monitoring the programme since 1997, a midterm evaluation under the auspices of UNDP was conducted in mid 1998, and a strategic evaluation in March-April 2000.

In 1999 Sida awarded SPM Consultants a two-year contract for monitoring of CARERE2, based on a general set of Terms of Reference dated 1999-03-02. However, for each of the monitoring mission the consultant shall be provided specific Terms of Reference (ToR).

The ToR for the November 2000 Monitoring Mission is based on the general ToR attached to the SPM contract. Furthermore, the in parallel with the monitoring of CARERE2 an expansion study will be conducted by the PAG-members (see attached ToR). During 2000 five Mini-PAG missions have been conducted to firstly monitor the formulation process of the new phase of Seila, and secondly to follow-up on the ongoing Seila/CARERE2 and the proposed new CNRM programme in Ratanakiri. In light of the close monitoring of CARERE2 and Seila process that has taken place in 2000 and a division of the PAG resources between the expansion study and the CARERE2 monitoring, the monitoring will be more limited than the one conducted in November 1999. The specific monitoring ToR are presented below.

Task of the consultants

The November 2000 monitoring exercise is envisaged to mainly focus on updating recent developments in the CARERE2 programme. Consequently, the Seila programme will not be particularly analysed as that has happen continuously during 2000. A new specific issue that needs attention is possibility of the CARERE2's resources to be transferred and integrated into the new Seila.

The tasks of the consultant are to review and assess developments in the following major areas:

- Transition of CARERE2 into the new Seila
- Monitoring and evaluation systems of the CARERE2/Seila programme
- CARERE/Seila investment planning
- CARERE/Seila financial management
- Financial position of CARERE2/Seila

Additional tasks of the consultant are to:

- Analyse the findings from the expansion study on the roll-out policy of the new Seila in 2001 and 2003.

-
- Provide indicators and critical factors that can serve as management tools for STF to ensure a proper and adequate expansion in respect of quality – Seila concept and systems.
 - Prepare the work on the forthcoming analysis of the results of CARERE2.

The results of the monitoring in terms of assessment, identification of problems, lessons learned and recommendations for improvements will form the background material for Sida's discussions with UNDP during the annual review in mid January 2000.

Timing

The fieldwork of the monitoring will take place during week 46,47 and 48 in Cambodia, in close cooperation with the specific study on the recent Seila/CARERE2 expansion.

Reporting

Before leaving Cambodia, the Mission shall debrief concerned parties on the findings of the monitoring and the expansion study.

The report of findings and recommendations of the monitoring shall be submitted to Sida not later than 20 December 2000. The report of the expansion study will be submitted to Sida by mid January 2001.

Appendix 2: Terms of reference for a study of the year 2000 expansion of the SEILA/CARERE2 programme

Background

In 1999 it was decided that the CARERE/SEILA programme should expand into additional communes and villages in the then five existing SEILA provinces. The expansion was based on the assumption that there was sufficient capacity and experience to include more communes and villages. The decision to make a considerable expansion was partly based on the recognition that a revised and simplified procedure for the Local Planning Process (LPP) had been adopted. But even more so, it was due to the pressure to meet the demand from areas that were outside the SEILA programme, and to include more in the SEILA programme. The expansion means that the CARERE/SEILA programme will cover 220 communes in the year 2000, compared to 141 communes in 1999, an expansion of almost 60% (Table 1).

Table 1: CARERE/SEILA coverage 1999 and 2000.

Province	TARGET COMMUNES			Expansion %	COVERAGE % of total number of communes
	Current 1999	Expansion in year 2000	Total		
Siem Reap	35	22	57	62,9%	57,0%
Banteay Meanchey	39	12	51	30,8%	72,9%
Batambang	28	16	44	57,1%	49,4%
Pursat	26	23	49	88,5%	100,0%
Ratanakiri	13	6	19	46,2%	38,0%
Total	141	79	220	56,0%	62,7%

Note: Banteay Meanchey includes six communes in the district of Banteay Ampil, which has recently been incorporated into the new province of Odar Meanchey./tillägg/ The latter province has been included in the CARERE/SEILA programme.

The expansion within SEILA provinces has now been operational for almost a year and there are possibilities to study the effects, successes and disappointments of the measure. The lessons learnt from the recent expansion may also be utilised when the new phase of SEILA will be planned and implemented. The next phase of SEILA is envisaged to have a considerable expansion into new provinces as well as in the old ones. By the end (2005) of the new phase of SEILA, the programme will be operational in 17 provinces and over 1 200 communes. Preparation for the national expansion (roll-out) has already started. In year 2001 five additional provinces will be added with 5 communes in each province.

Objectives of the study

The study will have the following objectives

- a) An analysis of critical factors explaining achievements and constraints of the recent expansion in existing CARERE/SEILA provinces
- b) An assessment of the expansion strategy and phasing plan for the new SEILA

- c) Recommendations drawing on the analysis and assessment of (a) and (b) to advise STF and (Sida) on strategies, focus, and impact monitoring of the planned expansion in to new provinces

Tasks

To accomplish the objectives, the following tasks shall be performed:

- 1 a) Analyse the experience of the expansion at provincial, commune and village levels during 2000 in two provinces.

This will be done mainly through a case study of Pursat province, considering the problems and achievements in introducing CARERE/SEILA in new areas, but within an existing SEILA province and thereby structure. Otdar Meanchey province will be included but limited to the provincial level. From this case experiences can be drawn when a new provincial and SEILA structure is established. Focus on the study will be both spatial and thematic.

- **Spatial:** the outcome of the expansions at different organisational levels: village, commune and province. Using a village and commune studied in-depth in 1999 as points of reference, experiences in newly incorporated villages and communes will be examined.
- **Thematic:** of particular interest in analysing the impact of the expansions are several themes or factors, such as:
 - Capacity building achieved: Programme support arrangements and resources;
 - Impact of expansion on SEILA structures and administration;
 - Increase in PDRC staffing, etc;
 - Expectations and outcomes;
 - Participation in (LPP), etc;
 - The understanding of SEILA as concept, system and programme in new areas.

Summary of the thematic and spatial approach

Example of themes	Village	Commune	Province
Capacity building		X	X
Impact of expansion	X	X	X
Staffing			X
Expectation of outcome			X
Participation	X	X	
Understanding of SEILA	X	X	
Establishment of systems		X	X

- 1 b). Identify the critical factors, at different levels, that have positively or negatively affected the provincial expansion.
2. On the basis of the experiences of expansion 2000 in Pursat and Otdar Meanchey, the task is also to review the planned national expansion or roll-out strategy and phasing of new SEILA. This would include analysis of the approach, activities of the orienta-

tion and establishment phases taking into account the critical factors identified under (1 b)

3. Reconcile tasks (1) and (2) to advise STF on where modifications might be made regarding:
 - roll-out strategy (scale, pace),
 - emphasis given to different activities within the orientation and establishment phasing, and the duration/overlap of these phases,
 - arrangements to check on impact in terms of capacity building, and other program support (i.e., provide advice on how to monitor performance during each phase, to feed SEILA management before the full integration of province/commune into normal LPP, budget and investment management process).
4. Draw lessons learnt and provide recommendations on how the constraining factors in the 2000 expansion can be eliminated or minimised.
5. From the lessons learnt of the 2000 expansion, give recommendations on the planning of the next phase of SEILA with respect to the planned expansion into new provinces.
6. Provide recommendations on a monitoring system for the planned national expansion, to serve as a management tool, for alteration and change of resource allocation of the new SEILA programme implementation.

Method

The study shall be conducted in Pursat and Otdar Meanchey provinces. The first provides an example of how the expansion programme has affected the SEILA structure and administration in an already established province. Pursat will serve as case for the study on local level will, where the various factors at commune and village level will be studied. Using a previously studied village/commune as reference, the study at this level will cover a number of newly incorporated entities, through questionnaires and in-depth interviews in selected locations.

Provincial level structures and experiences will be explored through interviews and relevant documentation. The case of Otdar Meanchey will be limited to the provincial level. This case will focus on issues related to establishing a SEILA structure and capacity in a new province.

Given the limited time available, the focus should be on the selected thematic and spatial dimensions listed above. A research team consisting of M&E staff from outside Pursat and SEILA focal persons in the ministries will be trained and conducted structured interviews in 4 communes (8 villages) in Pursat. The PAG members will later use these village and communes surveys for in-depth follow up.

Reporting

The consultant shall make a presentation to concerned parties – Government and donors - of the major findings and conclusions after the fieldwork and before leaving Cambodia. A draft report shall be submitted to Sida in mid December and the final report, two weeks after the comments on the draft report have been received; however, no later than 31 January 2001.

Appendix 3: Persons Met

PHNOM PENH

Government

Sok Setha, Dept. Director General of Administration, Ministry of Interior
Chhieng Yanara, Director, STF Secretariat

CARERE

Scott Leiper, Project Director
Peter Robertsson, Deputy Project Director
Joanne Morrison, Regional Programme Manager
Sopha Chhor, Regional Programme Manager
Jan-Willem Rosenboom, M&E Consultant
Min Muny, PPM Ratanakiri

UNDP

Domenique McAdam, Res. Rep UNDP
Jean-Claude Rogivue, Dept. Res. Rep. UNDP
Jane Fuller, Programme Officer
Mahieddine Saïdi, Principal Advisor, National Programme for Administrative Reform
Paddy Roome, Local Government and Constitutional Affairs
Leonardo Romeo, UNDP Consultant

NGOs and Research Organisations

John D. Graham, Senior regional program Officer, IDRC

Embassies

Lydia Bezeruk, Second Secretary, Development Cooperation, Australian Embassy
Daniel Asplund, Counsellor Swedish Embassy and Sida
Daniel Arghiros, Governance and Institutional Specialist British Embassy and DFID
Ben Davies, Rural Livelihoods Adviser British Embassy and DFID
John Stellwagen, NRE-Coordinator, DANIDA

BATTANBANG Province

El Say, PDRD Director and Chief of LCB Unit
Kim Chean, LCB Team Leader
Seng Valath, Planning Director
Mary Sim, Women Affairs
Ky Serey, Finance ExCom
Laot Phuong, Agriculture
Mang Chanto, MEI Unit
Iv Kosal, MEI Unit
Tat Ny, CA Unit
Chea Sambath, Deputy LCB Unit/ExCom
But Yean, CA Unit
Tes Sonn, CA Unit
Srey Thai Seng, MEI
Phok Simmary, Information Unit
Tim Vireak, CA Unit
Soeung Sariem, Information Unit
Seng Valath, CA Unit
Choup Saroeun, Finance Unit
Douk Chaavann, TSS
Sar Sarin, TSS
Sam Son, PFT

Peou Sammang, DFT
 Mel Chantha, DFT
 Hen Pirun, TSS
 Khun, Sieng, PFT
 Somm Hoeub, PFT
 Sin Makora, TSS

Seng Nalath, Director of Planning
 Tiu Chouloung, Deputy Director of Planning
 In Vanorin, Deputy Director of Planning
 Near Kry, Office Planning
 Nget Sotheara, MEI and Planning
 Cheng Lay, CARERE Infrastructure Assistant

BANTEAY MEACHEY Province

An Sum, 1st Deputy Provincial Governor
 Ith Loeur, Vice Chairman of PRDC/ExCom
 Kao Thong Houk, ExCOM, PRDC
 Ros Sophon, ExCOM, PRDC
 Nhek Sana, ExCOM, PRDC
 Than Suan, CA Unit Chief, PRDC
 Leak Tong, LCB Unit Chief, PRDC
 Sam Yoek, LCB Unit Staff, PRDC
 Cho Chansak, PFT, PRDC
 Rath Dasinang, PFT, PRDC
 Pen Phal TSS, PRDC
 Chhim Kriphong, Finance Director of PRDC
 Sum Socheath, Chief of Finance Unit, PRDC

Ros Sophon, Permanent Member PRDC ExCom/Chief of MEI
 Than Sman, Chief of CA Unit
 Noun Hout, Chief of Resource Centre
 Me Sokhom, Chief of ME
 Suy Bunthan, Deputy Chief of CA Unit

Lath Pnlok, CARERE, PPM
 Ros Sarom, CARERE, OIC/PPM Admin. Asst.
 Soun Seyla, CARERE, Planning – ME Assistant
 Khiev Sophat, CARERE Sector Assistant
 Long Silur, CARERE, LCB Assistant
 Thou Vannak, CARERE, Finance Associate
 Sou Somaly, CARERE, – LCB
 Long Silux, CARERE, – LCB
 Neth Chhaya, CARERE, LCB Unit
 Honn Hean, CARERE, LCB Unit

NGOs
 Ber Bosch, Program Advisor, ZOA Refugee Care

OTDAR MEANCHEY Province

Seng Pho, PPM
 Put Chamroeun, Financial
 Srey Bundoen, Planning/MEI
 Kong Ohheng Lee, LCB Unit
 Sam Onn, LCB Unit
 Sim San, LCB Unit

Ek Praney, Sector
Heng Siu, Infrastructure

H.E. Long Sarin, Governor
Lim Hak, PDRD Director
Thon Nol, ExCom Permanent Member
Khen Ngan, Water Resource
Moeung Ti Thia, Department of Agriculture
Mom Maury, Department of Planning

Chea Kimhann, Deputy of LCB Unit/ExCom
Heng Kim Sun, LCB Unit
Prak Heing, DFT, Ampil
Kuy Livoeun, DFT, Ampil
Chhun Sambo, DFT, Ampil
Soeur Tem DFT, Chong Kal
Chann Sarauuth, DFT, Chong Kal
Yan Sokhom, PFT, Chonh Kal
Klin Bunheng, DFT Samprong
Choun Kimsuth, PFT, Samprong
Sor Phonn, DFT, Samprong

Dum Sovannady, M&E Unit

Pheng Viseth, Finance Unit
Ros Phala, Finance Unit

Peeh Siyou, Chief of CA Unit
Slom Le, Member of CA Unit
Ros Sareth, Member of CA Unit

NGOs

Isidro Navarro, Head of Project, Action Against Hunger, Cambodia

SIEM REAP Province

Chan Sophal, Director of Finance
Peou Sinath, Finance Chief of Finance Unit
Ros Sar, Director of Department of Rural Development
Soat Pisak, Director of Planning
Bit Proun, Chief of CA Unit
Sao Sithan, PFT
Meas Buaar, TSS

Um Vanneth, CARERE, Finance Associate
Lork Chamroeun, CARERE, Assistant to Deputy Provincial Program Manager
Chhun Sophal, CARERE, LCB Unit Assistant
Sam Chanthol, CARERE, Gender Assistant
Julian Abrams, CARERE, Infrastructure Advisor
Doung Vanna, CARERE PPM

Appendix 4: Major Achievements (prepared by the CARERE2 management)

The UNDP/CARERE Project in support to Seila Programme of the Royal Government of Cambodia

Background

2000 represented the fifth year of UNDP/CARERE support to the Royal Government of Cambodia's Seila Programme; a policy initiative for decentralized governance in support to local development and poverty alleviation. The first phase of Seila will be completed at the end of 2000 and a second, five-year phase will commence in January 2001. In the middle of the year, a decision was made to extend CARERE for an additional six months, to end June 2001, to assist the final stage of Seila programme formulation, support the expansion to new provinces and manage the transition to new execution arrangements from July 2001.

Highlights of achievements during 2000 are presented below in accordance with the CARERE Project Logical Framework.

1. Decentralized Governance Systems that Plan, Finance and Manage Development

1.1 Coverage: Seila Programme coverage was expanded from 5 provinces and 217 communes at the beginning of 2000 to 11 provinces, one municipality and 311 communes by the end of the year. Against national totals, programme coverage now includes 50% of the provinces, 21% of rural communes and approximately 15% of the total rural population. Of the additional six provinces and one municipality added in 2000, two provinces will be technically supported by GTZ, under trilateral agreement with the Royal Government and IFAD, with CARERE supporting the rest.

1.2 Management Structure: A Royal Government sub-decree was issued in late December 1999 and updated in April 2000 defining the composition of the Seila management structure and the detailed roles and responsibilities at national, province, district, commune and village level. The decree was implemented uniformly in 2000. In July 2000 it was determined that this sub-decree supersedes all other competing decrees in the provinces where Seila is implemented.

1.3 Seila Task Force: The strengthening of national ownership and the proactive involvement of the Seila Task Force in guiding the programme was noted. A total of 9 Seila Task Force meetings were organized in 2000 and a wide variety of decisions taken on programme policy, investment programming and approval of core documents. The establishment in July of a Seila Task Force working group composed of officials from each of the seven, member Ministries to oversee the formulation of the next phase and support the expansion to new provinces has greatly contributed to inter-Ministerial cooperation and national ownership.

The Seila Task Force Secretariat requires priority attention to enable a transition to national execution arrangements and to effectively fulfil the roles and responsibilities of the national level in the SEILA structure.

1.4 Province PRDC and Executive Committees: In accordance with the Sub-decree on the Seila Management Structure, the PRDC Executive Committee Units at province level were realigned to better reflect existing institutional mandates in order to facilitate the institutionalisation and sustainability of SEILA. The new structure both preserves the territorial identity of the province under the Governor while assigning specific roles to Provincial Departments in accordance with national mandates.

1.5 CDC Congresses: In five provinces a Congress of all CDCs was convened in 2000 to update communes on Seila policy and programme issues as well as to reinforce horizontal solidarity and dialogue.

1.6 Planning System: Following the annual review of the 1999/2000 cycle of the Local Planning Process (LPP), a comprehensive Manual of LPP Guidelines was prepared and will be available for the 2000/2001 cycle. In the year 2000 there was a program wide effort to shift the emphasis of local level planning to the commune from the village whilst ensuring villager participation and expression of needs and priorities.

The Local Development Fund database, which enables the monitoring and evaluation of the LDF projects in all provinces, has been reviewed in 2000. It is now very accessible, in both languages, and has been installed in all provinces with training provided to government and CARERE staff.

The Commune Data Base, with sector, census and socio-economic data on all villages within the province aggregated by district, commune and village, was updated in the five original Seila provinces and established in the additional province and municipality in the northwest. An increased capacity of the Provincial ExComs and Planning Departments to utilize the Commune Data Base for planning, resource allocation, analysis and evaluation was noted.

Five-year Provincial Development Plans, three- year Provincial Development Investment Plans and one-year Provincial Seila Investment Programmes were prepared in all provinces with CARERE support. Three-year Commune Development Plans and annual Commune Investment Plans were prepared in 217 communes.

1.7 Finance System: 2000 was the first full year of implementing the decentralized finance system developed under Seila by the Ministry of Economy and Finance. Approximately 9 million dollars will have been received, disbursed, accounted for and reported on through the system in 2000 including National Budget allocations through the Treasury, loan financing through IFAD and grant financing through the World Bank and donors to UNDP/CARERE.

Internal auditors were appointed and trained at provincial level and adjustments to improve system efficiency were made through quarterly finance system meetings organized by the Ministry of Economy and Finance.

An external audit of the Seila Finance System was carried out in July-August 2000 by Price Waterhouse Coopers which: a) endorsed the technical quality of the system design; b) positively appraised the understanding and capacity at province level to operate the system; and c) while noting a high degree of integrity at the CDC level, recommended increased training to commune finance staff. Internal CARERE assessments conclude that further work is needed to clarify procedures through the Treasury system and to improve coordination and dialogue between national and provincial levels.

1.8 Seila Operations Manual: In September of 2000, the compilation of the Seila Operations Manual was completed and issued by the Seila Task Force following four years of decentralized execution. In addition to planning, reporting, finance and management terms of reference the manual covers contracting, procurement and monitoring procedures, competitive bidding guidelines, personnel management procedures and administration policies.

- 3.3 IFAD ADESS:** 2000 was the first year of the six-year Agricultural Development in Support to Seila (ADESS), financed under a loan to the Royal Government by IFAD and supported technically by FAO, AusAid and CARERE. ADESS focuses on support to poor farmers with limited landholdings by applying a farming systems approach, the provision of district-based extension services and agricultural credit. In the first year of the programme, a total of 28,922 poor farmers are being supported, Extension Offices have been established in 24 Districts of four provinces and extension staff received intensive training in agricultural extension delivery and facilitation.

The ADESS Programme is also serving as a model for deconcentration as under the Ministry of Agriculture's technical oversight and coordination, the programme is planned and executed by the PRDC ExCom and implemented under contract with the Department of Agriculture.

- 3.4 WFP:** As a pilot initiative, in 2000 over 4,500 metric tonnes of food aid was allocated by WFP to CDCs within the Seila provinces of Siem Reap, Banteay Meanchey, Battambang and Pursat. Food allocations were considered as an additional resource to be programmed by the CDCs, in addition to cash, for projects corresponding with priorities identified in the Commune Investment Plans. Following the positive assessment of a joint WFP/CARERE Evaluation in October 2000, WFP has decided that all food for work resources from 2001 onwards will be exclusively programmed to CDCs through Seila in provinces where the Seila structure has been established and fully functional.

- 3.5 World Bank Post-Conflict Fund:** Two grants amounting to \$2.1 million were approved by the World Bank in 1999 and implemented in 2000 in support to the Seila Reconciliation Component. The support enabled an expansion of Seila coverage in Battambang, Oddar Meanchey and Siem Reap; rehabilitated several key access roads; supported public sector reintegration efforts in health and education and incorporated 25 communes into the Seila concept, participatory methodology and LPP/LDF cycle. Significantly, in approving the grants, the World Bank appraised and approved the Seila finance system and LPP/LDF manuals for managing the grants.

- 3.6 Social Fund:** In 2000, an MOU was signed between the Social Fund of the Kingdom of Cambodia (SFKC) and UNDP/CARERE in order to expedite the programming, contracting and disbursement of \$2 million to local infrastructure in the five original SEILA provinces. This fund was allocated for planning purposes to the PRDCs to ensure that projects were identified using the Commune Development Plans and supported by the PRDC and local communities alike. A total of 74 projects valued at over \$1.5 million will have been implemented under this arrangement by end 2000.

- 3.7 Other UN, IO and NGO partnerships:** Due to its emphasis on integrated planning processes at the district level and strengthening capacity at all levels in the province there have been many effective examples of collaborative partnerships between SEILA and other agencies in SEILA provinces. Such collaborations have enabled the relationships between civil society and government to advance in a more positive direction and have also provided a more efficient and effective allocation and distribution of resources in communes. Partnerships have included land use planning activities, demining, needs assessments in inaccessible areas, partnerships in SEILA systems implementation such as planning, monitoring and evaluation and project implementation. Some examples of partners are: UNHCR, UNHCHR, UNICEF, ILO, Handicap International, Action Nord Sud, CMAC, MAG, OXFAM, Concern, LWS, CRS, CIHR, CARE, World Vision and IDRC.

- 3.8 Private sector partnerships:** During the year 2000, the partnerships with the private sector have been strengthened. Infrastructure projects in SEILA provinces are now open to competitive bidding procedures. Efforts have been made to identify, train and support an effective private contractor service in SEILA provinces, which will provide quality outputs for realistic prices.

4. National Policy on Decentralized Development Formulated through Lessons Learned from the Seila Programme

- 4.1 Commune Legislation:** In 2000, the Ministry of Interior completed the draft of the Commune Administration and Commune Election Laws and both laws were reviewed and endorsed by the Council of Ministers for submission to the National Assembly. A clear decision was made by the Royal Government to adopt decentralization and deconcentration as the policy through which the Commune Administration Law would be implemented and the Organic Law, defining the role of the Province and District, designed. Throughout the year in various forums and workshops, the Ministry of Interior made it quite clear that the move towards decentralization, deconcentration and the election of Commune Councils has been based in large part on the positive experience with Seila.
- 4.2 National Planning System:** In 2000, the Ministry of Planning issued new guidelines to all provinces for the preparation of the five-year Provincial Development Plans and three-year, rolling Provincial Development Investment Plan. The guidelines and formats were based on the provincial planning system developed in Seila.
- 4.3 Formulation of Seila, 2001-2005:** From June through November 2000, the Seila Task Force carried out a formulation process to design the next five-year phase of the Programme. An inter-Ministerial working group was established to lead the exercise which involved the formulation of a Logical Framework for the new programme, a series of strategic workshops and reviews of certain cross cutting themes and a careful review of the institutional context within which Seila would be placed. The conceptual nature of Seila enabled the Seila Task Force to anticipate the forthcoming legislation and emerging policies on State Reform, deconcentration and decentralization and clarify the institutional framework for the next phase. As such, Seila finds itself securely out in front of national policy and will be able to exert great influence on how the policies will eventually be finalized, interpreted and implemented across the country. A Seila Programme Document was prepared and presented to Donors on 3 November and foresees an expansion to 17 provinces and 1,200 rural communes by 2005 with a total budget requirement of \$95 million.
- 4.4 Seila and the Partnership Framework:** The Royal Government noted at the May 2000 CG Meeting in Paris that Seila represents the best example of how the new partnership paradigm can best be structured in Cambodia. In the course of 2000, Seila partnerships continued to develop with the World Bank, IFAD, WFP and UNICEF while encouraging dialogue with potential new donors such as Belgium, UK/DFID and Denmark has begun. As noted above, at province level there is a steady increase in partnerships with NGOs for support to local initiatives and civil society.

5. CARERE Project Management

- 5.1 Provincial Management:** At the beginning of April 2000, responsibility for managing the 5 CARERE Provincial Offices was turned over to national staff. This has enabled a reduction in international technical assistance costs with no decline in the quality of the services rendered to the provinces. By October 2000, the total number of CARERE international staff was reduced to 8.

5.2 CARERE Staff Restructuring: In anticipation of the expansion of Seila in 2001 and the move towards national execution for the next phase, between June and September 2000 a new technical assistance staffing structure was developed with new job descriptions for all posts. The new structure involves a net reduction of 48 posts while significantly increasing the level of technical assistance at national level. All 211 staff was evaluated, all posts were internally advertised, specific posts were externally advertised, a staff selection process carried out and by December 2000 the new structure will be fully operational in Phnom Penh, 9 provinces and one municipality. In addition, all CARERE provincial offices in the original provinces will be closed early in 2001 with staff fully relocated into provincial government premises.

Daniel Asplund

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Subject: Meeting with Deputy Prime Minister on election related matters
Date: den 7 mars 2001 15:27

Dear Sir/Madam

Further to the 5 March meeting at UNDP with the Ambassadors on the Commune Election and Commune Administration Laws, I am pleased to forward documents (3 files) relating to the presentation on preparations for the upcoming commune council elections and the implementation of the Law on Commune Administration and Management. I have also attached notes to the March 5 meeting, as well as notes to the meeting with the NGO Coalition of COMFREL, COFFEL and NICFEC held at UNDP on 28 February.

I trust that you will find this information useful and would like to thank you again for your participation and your respective contributions.

Please do not hesitate to contact Ms. Jane Fuller (jane@undp.forum.org.kh) of my office should there be any questions related to this.

Best regards.