



LOCAL GOVERNANCE IN CAMBODIA





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Synopsis

Following the Paris Peace Agreement of 1991, the UN played a major role in ushering Cambodia back into the international community as a democratic sovereign state and in rebuilding its national capacity. In the short term, massive humanitarian and rehabilitation assistance was needed while the government that emerged from the 1993 elections, organized by the United Nations Transitional Authority for Cambodia (UNTAC), grappled with political reconciliation, reconstructing the State apparatus and the development of longer-term strategies for rebuilding the economic and social fabric of the society. One element of this was a series of UNDP-supported development cooperation programmes which began as a resettlement programme for returning refugees and progressively evolved into a nationally owned,

decentralized local governance reform programme focused on participatory local development – an initiative that became enshrined in law.

A nation in need of reconstruction

Few countries have faced such monumental challenges as Cambodia following the decimation of the population during the Khmer Rouge regime, including a high percentage of the educated class; the destruction of the social and economic infrastructure; the shredding of the social fabric; and a painstaking recovery hindered by an embargo, isolation and continued conflict with the remnants of the Khmer Rouge. While an internationally recognized government emerged from the UN-sponsored elections in 1993, the armed conflict with the Khmer Rouge continued until 1998 and contributed to political tension within the coalition government.

In the countryside, 90 percent of the population relied on subsistence agriculture amid physical, political and economic insecurity. Shattered infrastructure inhibited access to markets, land rights remained unclear and a largely non-existent private sector offered little off-farm employment. To add to these challenges there were an estimated 10 million landmines which needed to be cleared to enable full access to agricultural land.

The ending of the conflict also had significant human consequences. As peace took hold across the country, there were an estimated 150,000 ex-combatants in the process of demobilization and reintegration; 180,000 internally displaced persons needing assistance to return home; and 350,000 refugees to be repatriated from the camps along the Thai-Cambodian border.

Following the promulgation of a new constitution in 1993 and the establishment of a new national





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government, there was a rapid centralization of the limited powers that had been previously accorded to the provinces. This served to create a vacuum in subnational governance functions, where capacity was very limited.

A flexible and progressive partnership

UNDP's support to this process of national reconstruction at the local level spanned the period from 1992 to 2010, progressively evolving to respond to changing opportunities and challenges. It moved from direct implementation of a resettlement project; to co-management with government of a pilot project in decentralization focused on system design, institution building and local development; to the primary support project to a national programme implemented by government and financed by the national budget and a large number of development partners focused on subnational democratic development.

These phases are quite distinct and can be summarized, together with their major transformative achievements at each stage, as follows:

1992–1995: resettlement and rehabilitation (CARERE)

As one of UNTAC's principle objectives, the 350,000 displaced persons who had been sheltered along the Thai-Cambodian border for 10 years had to be returned and resettled in Cambodia over an 18-month period before the first democratic, national elections scheduled for June 1993. In the north-west region of the country, where most

of the returnees opted to resettle, an additional 100,000 internally displaced persons were also returning to their villages, often in the same areas that were to receive the returnees. The potential for conflict between host communities and returnees, nominally members of opposing political factions, was of paramount concern.

In collaboration with UNHCR, the first CARERE project was designed to promote, strengthen and support the processes of peace, reconciliation and the reintegration of displaced populations into the national life of Cambodia. It was inspired by UNDP's highly successful PRODERE, a reintegration programme for more than 2 million displaced persons in Central America during the 1980s. Adopting an area-based approach targeting the communities where displaced people were being resettled, the project focused on the rehabilitation of essential infrastructure, increased agriculture and food production output, employment and income-generation opportunities and improved quality of educational services, health care, water supply and sanitation facilities.

While this first phase developed relationships and confidence for the future (important in itself in a post-conflict situation), it was essentially a quick impact and not nationally sustainable. While this early recovery phase had naturally concentrated on basic services and infrastructure provision, it was apparent that a more comprehensive approach was needed, shifting away from donor-driven supply of relief towards sustainable long-term development driven by local democratic institutions.



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Reconciliation

With the final signing of the peace agreement in 1991, an historic opportunity was created to reconcile the populations previously in conflict and to secure the peace at the local level.

With initial funding from UNDP, and later from the World Bank, CARERE 2 quickly designed a Reconciliation Component involving: a) the establishment of forums for dialogue between local government officials and former Khmer Rouge leaders to diminish the deeply rooted mistrust and develop the 'rules of engagement'; b) the implementation of quick rehabilitation schemes to reduce the isolation of the former occupied territories and produce tangible benefits; and c) the extension of the decentralized planning and financing model then under way in the interior of the country to 'normalize' the local governance and local development model across the zones of former conflict.

Over a three-year period, 1997–1999, the US\$6 million Reconciliation Component helped to establish locally elected committees in 493 villages and 59 communes in six districts, responsible for planning and financing local development interventions for a population of 350,000 people. Having facilitated the establishment of administrative structures, integration of civil servants, inter-governmental relations and improved access to and within the former resistance zone, the reconciliation programme was phased out in 2000.

In designing the next phase of intervention, UNDP took a calculated risk to directly address the longer-term dimensions of local governance, sustainability and participation at a time when conflict with the Khmer Rouge continued to destabilize large areas of the north-west; the State was recentralizing powers and resources; donors were proliferating individual aid projects; and the national government was preoccupied with its own internal conflict.

1996–2000: rehabilitation and regeneration (CARERE 2/Seila 1)

In partnership with UNCDF and UNOPS, the second UNDP CARERE project was designed as a policy experiment in decentralized, local development planning, financing and implementation.

The underlying objective was to enable subnational authorities at both province and commune levels to assume ownership of a participatory and transparent local development process that would increasingly be both recognized and financed by both the national authorities and the donor community. As ownership was critical from the start, the 'policy experiment' was identified as the **Seila Programme** (a Khmer word meaning 'foundation stone'), clearly delineating the responsibilities to be managed by government from the support activities under the UNDP project.

Working from the bottom up, the local dimensions of the programme were designed and managed through close collaboration between provincial governors, key technical departments and UNDP advisers, while national authorities initially maintained policy oversight from a distance until results could be demonstrated.

A **Local Development Fund (LDF)** was established to provide block grants for financing of local priorities; locally elected committees at village and commune levels were established to work with local authorities in decision-making on the use of the funds; and a Local Planning Process (LPP) was designed to ensure participation of communities in the planning and implementation of their own development. Through five annual programme cycles of planning, budgeting and implementation, accompanied by intensive training and participatory evaluation, the systems were continuously refined, capacities strengthened and coverage expanded to an increasing number of communes and provinces.



With the programme gaining enthusiasm and scale, a national Seila Task Force was finally established in 1998, chaired by the Minister of Finance, with senior officials from seven key ministries, to review performance, debate policy and set programme direction. UNDP handed over programme management responsibilities to the provincial authorities in 1999 and to the national authorities in 2000.

2001–2006: partnership for local governance (Seila 2)

With ownership now fully established, in 2001 the Seila Task Force guided the formulation of a Seila Programme Document, 2001–2006, which was eventually approved at the highest level, the Council of Ministers. Now defined as a resource mobilization and harmonized coordination framework for support to the Royal Government's emerging decentralization and deconcentration reforms, the government took the lead in overall policy formulation, programme management and resource mobilization.

In the first six months of the new programme, the institutional structures, systems, manuals and processes developed and tested under the pilot programme were revised and transformed into government regulations. The establishment of an inter-governmental transfer system, the **Commune Fund**, to finance the newly elected local governments ensured a predictable flow of resources through allocations of an increasing percentage of the national budget with supplementation by donor contributions.

In 2002, Commune Councils were elected in all 1,621 communes of the country, and within two years the government extended the structures, systems and capacity development mechanisms developed under Seila to the entire country. Teams of local UNDP national advisers working with provincial officials rapidly introduced the concepts, processes and systems through training and learning

District Integration Workshop

One of the innovative features developed under Seila was the process for integrating plans and priorities at the subnational level between the demand side (the local Councils and their constituents) and the supply side (government departments, international agencies and NGOs).

On an annual basis, local priorities are formulated at village level, consolidated at commune level and aggregated into a district priority matrix which is distributed to all development actors within each province for review. A workshop is then organized in each district, focused on clarifying the local demand and enabling the supply side to announce the support they intend to provide in response. Temporary agreements are signed on the spot, results integrated into the local plans and those of the government and NGOs, and the results entered and tracked through a software program designed specifically for this purpose.

On an annual basis over the past five years, an average of 35,000 agreements have been signed across the country (20 per commune), with an implementation rate of 80 percent. The process enables local councils to leverage a wide range of assistance for their local needs; enhances downward accountability; develops more productive relationships between government and NGOs; through a common and transparent annual programming process increases efficiency and avoids overlap; and provides a wealth of data for socio-economic analysis on development trends.

by doing, and by 2004 over 2,000 subnational officials and 12,000 commune counsellors were performing functions focused on governance, capacity development and the delivery of local infrastructure and services to the entire population.

During the first five-year mandate of the local government, over 15,000 small-scale projects valued at US\$52 million were prioritized, procured through public bidding and implemented, including the rehabilitation of 32,000 km of rural roads, 1,200 km



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of irrigation canals and 500 bridges, and hundreds of social development activities. The growing interest in the local reforms led to the negotiation of a large number of partnerships with development partners, and the annual budget increased from US\$15 million from five sources in 2001 to US\$50 million from 17 sources by 2006. Most importantly, the argument that local governments did not have sufficient capacity to warrant the reforms and the increased budgetary allocations was diminished.

The Seila programme was always conceived of as a temporary arrangement to mobilize resources and maintain momentum for local government reform while longer-term institutional mandates were evolving with the policy. With the adoption of the Commune Law, the government established the National Committee for Support to the Communes (NCSC) under the authority of the Minister of the Interior, which established a new Department of Local Administration to support the development of Commune Council capacity. Seila and the UNDP project immediately provided the majority of technical and financial support to enable the department to establish the capacity necessary to fulfil its new mandate. As the reforms at the commune level deepened, the demand for reform at district and provincial levels increased.

In 2005, with support from Seila and UNDP, a Strategic Framework for Decentralization and Deconcentration Reforms was drafted and adopted by the government, laying out the vision of comprehensive subnational reforms upon which the drafting of a new Organic Law commenced. By 2006, with a new Organic Law under design, focused on the next tiers of local administration reform, the National Committee on Decentralization and Deconcentration (NCDD) was established as an

interministerial body under the chairmanship of the Deputy Prime Minister/Minister of the Interior and mandated to assume full responsibility from the Seila Task Force. As such, the stage was set for the final transition of UNDP support.

2007–2010: support for democratic development

With longer-term, national institutional arrangements becoming clarified, Seila was phased out at the end of 2006, and at the government's request the new UNDP/PSDD project was designed to support the NCDD and its newly established secretariat to both maintain momentum and deepen the existing reforms at local level as well as preparing the ground for the next phase of reform to be ushered in by the Organic Law. The political and administrative dimensions of reforming the provincial and district levels are significantly more complex than at commune level and required time for full consensus to be reached. In keeping with practice, the UNDP project anticipated some of the strategic issues at hand and developed various initiatives that would both inform policy and develop experience for the future. A District Initiative was designed in 2006 to test mechanisms and procedures for potential adoption, including the operation of a District Fund. By the time the Organic Law was adopted in May 2008, 106 of the 193 districts were receiving block grant allocations, setting priorities together with the Commune Councils in their jurisdiction and overseeing implementation of both infrastructure and service delivery projects.

At commune level, the CS Fund steadily increased (from US\$18 million in 2006 to US\$35 million in 2010), and in partnership with the World Bank the UNDP project introduced safeguard procedures for land acquisition, environment and highland peoples;



Ukraine: From Conflict Prevention to Decentralized Governance

During the final years of the former Soviet Union several hundred thousand Crimean Tartars returned to the Crimean peninsula of Ukraine from which they had been forcibly deported in 1944 on Stalin's instructions. Upon their return, they found their former homes and land occupied by ethnic Russians and others who had settled in the peninsula after the war. Tensions quickly rose, as Crimean Tartars, being denied legal access to land, settled spontaneously around existing towns and villages, constructing houses and putting pressure on already inadequate public services.

In 1995, the Government of Ukraine and UNDP launched an integrated development programme in Crimea to improve living conditions and provide livelihood opportunities in areas where Crimean Tartars had settled, with a focus on providing access to drinking water, basic health services and microcredit, and organizing tolerance-promotion initiatives among youth. From 2002 onwards, the programme rapidly expanded its activities across the peninsula, focusing on mobilizing ethnically diverse communities to plan and undertake jointly identified priority initiatives to improve basic community services, enhance income and employment generation and promote tolerance education in schools. Interaction between community organizations and local authorities helped to integrate community initiatives into district development plans and enabled local authorities to support such initiatives despite limited resources.

This resulted not only in tangible improvements in living conditions in hundreds of settlements, but the true transformation resulted from increasing communication and collaboration between citizens of different ethnic background on issues of common concern to them, thereby decreasing negative perceptions of each other and increasing tolerance. Secondly, confidence and trust between communities and local authorities were restored through the establishment of practical working relations and dialogue. This set the stage for many community leaders, including Crimean Tartars, being voted into local councils during local elections following the Orange Revolution of 2004, which increased their political representation.

Following the successful replication of this area-based community empowerment approach to the areas affected by the Chernobyl nuclear disaster, as well as in selected urban municipalities across the country, from 2007 onwards UNDP has helped the Government of Ukraine, with support from the European Commission, to scale up the approach to the national level and to all regions of Ukraine. Thus, what started as part of a humble conflict prevention programme in Crimea has led to nationwide transformation of local development policy and practice.

established Accountability Working Groups in each province as a complaint mechanism; improved budget execution procedures; and enhanced the quality of public procurement and infrastructure design. Independent citizen surveys carried out annually confirmed the popularity of the Commune Councils in their responsiveness to local demands.

Subnational Councils were elected in May 2009 in all provinces and districts of the country, and in the last phase of the UNDP project, support was provided to the design of a 10-year National Programme on Subnational Democratic Development (NP-SNDD) and its first Three-Year



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Implementation Plan (2011–2013), which has placed a strategic focus on the district level.

The underlying objective at each stage was building the national capacity of the Cambodian people and of the country's institutions – virtually destroyed in the 1970s and 1980s – to enable full national management. However, it was more than this, since its premise was that of decentralized and participatory processes, both as an end in themselves but also as a means to national reconciliation.

Throughout this process UNDP played an instrumental role in support to government for building an impressive international partnership for local governance reform in Cambodia. While the scale of the annual programme grew from US\$15 million in 2001 to US\$90 million in 2010, UNDP's own financial contribution averaged 3 percent throughout, while continuously providing the bulk of technical assistance for the entire programme.

Making a difference: the transformational impact

The transformational impact of the UNDP-supported CAREERE/Seila programme has been evolutionary in nature, with each phase building on its predecessors. It began as a pilot programme in decentralization, covering just two provinces and four communes in 1995; expanded to cover 12 provinces and 500 communes by 2001, just prior to the enactment of the Commune Law; and scaled up to full coverage of 24 provinces and 1,621 communes by 2003.

It has also delivered real improvement to people's lives. Working on both the demand side, through participatory prioritization of local needs and enhancement of local voice, and the supply side, to ensure that discretionary budgets and decentralized sector programmes enabled local priorities to be addressed, the programme's success was grounded in the tangible impact it had on both communities and people's livelihoods. With a high demand for local infrastructure improvement after decades of conflict and neglect, the enormously improved access to markets and services resulting from thousands of small-scale commune projects each year has been documented by the government as having made a major contribution to the decrease in poverty from 35 percent in 2002 to 25.8 percent in 2010 of the population.

With a long-term vision focused on subnational reform, the programme designed and piloted a wide range of governance systems and procedures accompanied by annual capacity development plans; prepared revisions based on continuous performance evaluations and training needs assessments; and eventually transformed pilot experience into government regulations following the adoption of a legal and institutional framework. While much more time and effort will be required to fulfil the longer-term objectives of the reforms, a high level of political commitment and national ownership has been established.

This institutionalization process is summarized in the following table.



TIMELINE OF INSTITUTIONALIZATION PROCESS

Year	Legislature	Result
2001	Law on Election of Commune/Sangkat	First direct elections of commune councillors in 2002
2001	Law on Administrative Management of Communes/Sangkats	Communes provided with a political, administrative and fiscal framework for operation
2005	Strategic Framework on Decentralization and Deconcentration	Clear path for development of policy and legislature related to decentralization and deconcentration
2006	Royal Decree on Establishment of National Committee for the Management of Decentralization and Deconcentration Reform	Interministerial committee governing all initiatives in decentralization and deconcentration
2008	Law on Subnational Council Elections	First indirect elections of capital, provincial and district councillors
2008	Law on Administrative Management of Capital, Provinces, Municipalities, Districts and Khans	Capital, provinces and districts provided with a political, administrative and fiscal framework for operation
2010	10-Year Programme on Subnational Democratic Development	Long-term plan aligning all stakeholders involved in decentralization and deconcentration

Source: NCDD, 2011

While a high level of harmonization in donor support was developed over the past 10 years, with the approval of the new NP-SNDD, a programme-based approach has been adopted to reduce transaction costs of aid management, incorporating many of the systems and procedures developed by UNDP. As large-scale donor financing has been secured for the first phase of the programme, UNDP's own support is phasing out, and experienced UNDP national advisers have been absorbed into the new programme, directly contracted by government.

As such, the UNDP legacy will accompany the next phase of change management.

The ambition and complexity of the democratic development reforms, involving both political and administrative dimensions, require a transformation in attitudes and practices at higher levels of government and well-designed capacity development strategies to support the gradual transfer of functions to subnational administrations. While the government's own financial contribution to the new programme has increased to 70 percent,



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substantial international funding is still required for the early phase of the programme to 'prime the pump' until domestic resources can adequately cover the needs.

Lessons learned

A number of useful development lessons can be drawn from Cambodia's example:

- **A strategic analysis and vision that carried the programme:** From the outset, there was a consistent two-pronged vision: on the one hand, an understanding of the importance of mending/improving the relationship between civil society and the local state, and, on the other hand, a clear commitment to local-level poverty alleviation. This vision was articulated at the community level, in national policy circles, in the international community and with international and Cambodian staff. This vision was underpinned by the steady building of trust and an environment of predictability for local-level participants.
- **A chain is as strong as its weakest link:** The programme continuously worked at all levels of administration to ensure that roles and functions were appropriately assigned and to engage the entire government in the reform process. It was understood that local-level processes could not be divorced from the larger national political process but could rather enrich and inform it.
- **Holistic programmatic thinking:** The programme worked simultaneously on three main interrelated dimensions: concepts, systems and structures, and delivery of investment and services.
- **Flexible implementation within a strategic focus:** While starting small and with no guarantee of success, the programme consistently aimed at subnational governance reform, while continuously experimenting, piloting mechanisms and approaches that moved the agenda forward and upwards. The programme did not come with ready-made models; these were developed in cooperation with the major stakeholder – the provincial administration initially, and later the national government. International experience was modified to fit the local circumstances, and the systems and structures were modified all through the programme, resulting in a high degree of national ownership.
- **A flexible and learning-oriented management style:** 'Learning by doing' was practised in virtually all areas and phases of the project. Given the unstable context, and the original low knowledge base, this approach was an absolute necessity.
- **Donors willing to take risks:** Beginning with UNDP, and later with the Swedish Sida and the UK DfID, flexibility and responsiveness to evolving opportunities and challenges were given space without the restrictions often imposed by design and logical frameworks.
- **The value of decentralization in post-conflict countries:** Both in Cambodia as a whole and particularly in the former Khmer Rouge-held territories, decentralized and participatory planning, decision-making and implementation contributed to peace and reconciliation at the local level.