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Democratic Ownership in Cambodia: Progress and Challenges

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Introduction

This country brief, prepared for Alliance2015, explores the issue of, and status of the progress towards, democratic ownership in Cambodia. The country brief focuses on five areas of analysis for the period 2008-2010: an enabling environment for civil society; ownership, accountability and participation; donor and government transparency in aid; donor conditionality; and finally the tying of aid and technical assistance. The brief shows the progress made in these areas as well as the challenges. Finally, lessons learned and recommendations for improving democratic ownership are given in the conclusion.

1. An Enabling Environment for Civil Society

Cambodian civil society has seen great changes over the past decade of relative peace and stability. Poverty has slowly but steadily decreased from 35% in 2006 to 30% in 2010 and the per capita gross domestic product has risen over this period from USD 514 to USD 795.¹ The country has seen steady improvement in health and education indicators but according to the Human Development Index, Cambodia still ranks low at 124th out of 169 countries.² These improvements, however, are overshadowed by the growing divide between the wealthy and the poor along the urban-rural divide. The ruling party, the Cambodia People's Party, solidified its hold on political power after winning a solid majority in the 2008 national elections and this has resulted in a constrained democratic space for civil society.³ Since the election, a law on demonstrations has been passed and an NGO law is in the pipeline (explained in further detail below). Both of these are seen as ways to limit the freedom of civil society.⁴

Cambodia has a vast and active civil society sector. The number of civil society organisations (CSOs) registered with the Ministry of Interior has grown exponentially from 1 registered in 1991 to 2,675 at the end of 2010. Of those, 316 are international NGOs.⁵ The emergence of registered organisations has also contributed to the growth of a specific type of CSO: the community based organisations (CBOs). Many of these work informally and are not registered, yet play an important role in development processes. CSOs in general play an important role in service delivery of aid, responsible for 20% of aid dispersal at the provincial level in addition to the organisations' core funds. CSOs were recognized as important development partners by the Royal Government of Cambodia in a speech made by Prime Minister Hun Sen at the celebration of "30 years of Government-NGO growing partnership". In

¹ See: Royal Government of Cambodia (2010) The Cambodia Aid Effectiveness Report 2010; and the National Strategic Development Plan 2009-2013

² See: UNDP's Human Development Index ranking at: <http://hdr.undp.org/en/statistics/>

³ Wänn, Jan-Erik (2010) Democratic space in Cambodia in Contradictory interests within civil society. Paper presented at the Uppsala Centre for Sustainable Development.

⁴ Ibid

⁵ Cooperation Committee for Cambodia, NGO Forum and MEDICAM (2010), Coventry, L. (ed) Moving from Aid Effectiveness to Development Effectiveness.

this speech, he highlighted the achievements of CSOs and the contributions they have made towards human and institutional development.

A large number of organisations in the country have established clear structures for coordination and action such as the Cooperation Committee for Cambodia (CCC) and the NGO Forum on Cambodia. Nonetheless, civil society as a whole still remains weak and to some extent passive. Most CSOs focus mainly on service delivery and few donors provide funding for advocacy work. Civil society remains heavily dependent on donors, both for funds, receiving approximately 10% of the annual donor aid (approximately USD 103m in 2009), and for policy lobbying.⁶ CSOs do not have much influence over government policy decisions and are not able to lobby the government directly on policy issues without the intervention of external development partners.⁷

A worrying development at the time of writing is the introduction of a new Law on associations and non-governmental organisations (NGO Law), currently in its 2nd draft. The proposed legislation is perceived by many as an attempt to limit the space for an independent civil society. It is felt that the new requirements for registration and reporting required under the law are excessive, prohibitively burdensome and violate the freedom of association. Registration requirements will be especially difficult for smaller organizations and those located in rural areas which lack the capacity to fill in complicated forms and reach administrative centres to deliver them. There is no clear or transparent process of evaluation of applications and a limited appeal process was removed from the 1st draft. This might make it especially difficult for organizations deemed "critical" of the government to operate freely. Furthermore, the draft NGO Law contains many ambiguous terms and phrases with no corresponding Glossary of Terms or explanatory notes.

During a brief consultation period at the end of 2010, CSOs met to discuss and make comments on the draft. These were consolidated and presented to the Ministries overseeing the drafting of the law. CSOs met with Government representatives on January 10th, January 21st, February 23rd and March 29th 2011 to discuss points of ambiguity and concern. In the initial meeting, many recommendations were provisionally accepted. However, in a follow-up meeting on March 29th, where representatives from both the Ministry of Interior and Ministry of Foreign Affairs and International Cooperation were present, there was less willingness to discuss and amend articles in any substantive manner and the CSO delegation was asked to give their concerns in writing within 24 hours, as the draft Law was going to be submitted to the Council of Ministers before the end of the week. Concerns remain that the law will be used to constrain the democratic space for CSOs. It remains to be seen what the final version of the Law will look like and, most importantly, how it will be implemented. Although the meetings show a positive example of government demonstrating a willingness to hear input

⁶ See endnote 1

⁷ Chanboreth E. and Hach S. (2008) Aid Effectiveness in Cambodia. Economic Institute of Cambodia and the Wolfensohn Center for Development, Brookings Institute, Working Paper 7

from the NGO community, the litmus test will be whether the final legislation will be an enabling or restrictive law.

2. Ownership, Accountability and Participation

Since 2004, civil society participation in the national development process and implementation and monitoring of aid flows has increased and improved. The Government-Development Partners Coordination Committee (GDCC) was established in 2007 and meets two or three times a year for high-level discussions on the National Strategic Development Plan (NSDP). It includes representatives from the government, donors and civil society and provides a high level forum for discussing cross-sector issues and matters. At a lower level there are 19 Technical Working Groups (TWGs) organised around 12 sectors and 7 cross-cutting themes in order to facilitate dialogue at a technical level. These Groups are chaired by high level government officials and also include donor and CSO representatives. Importantly, there are no similar mechanisms at the sub-national level, where CSOs account for 20% of disbursements.⁸

Although most TWGs have CSO representation, these do not yet feel fully included as partners in the process. Until 2009, the TWG guidelines listed CSOs as observers. The CSO community pushed for this to change and following recommendations by the World Bank, their status was upgraded to full participants. However, TWGs are not a forum for advocacy, so it is not the most appropriate arena in which to promote change. Furthermore, CSOs need to build and strengthen their capacity to take full advantage of their representational role in the TWGs.

Donors feel that although a space has been created for civil society engagement in the TWGs and the GDCC, they are not as fully engaged as they could be.⁹ This is not the case in the education and health sectors, where a multi-stakeholder approach has proven to be quite successful. For example, CSOs were very involved in the development of the Health Strategic Plan (HSPII) and are involved in monitoring its progress. In contrast, CSOs working in Rural Development claim that they have never been asked to share their monitoring results or to participate in aid effectiveness mechanisms.¹⁰

Donors are supportive of greater engagement of civil society and the parliament in aid management. At the 3rd Cambodia Development Cooperation Forum donors stated that deeper engagement of parliamentarians and civil society would support efforts towards democratic ownership.¹¹ They also advocated for greater transparency in aid budget plans, audits and monitoring and evaluation stating that the role of parliamentarians is not yet fully developed due to lack of transparency in these areas. At the same time, CSOs are critical of

⁸ See endnote 1

⁹ RBMG (October 2010), Cambodia Country Study Report, Phase Two Evaluation of the Paris Declaration.

¹⁰ See endnote 7

¹¹ Asplund, A., (2010) Presentation Notes from Session IIIC Cambodia Aid Effectiveness – Progress, Challenges and Recommendations On behalf of Development Partners at the 3rd CDCF.

some donors, specifically the World Bank and the ADB, for their lack of consultation with civil society.

Civil society in Cambodia has several membership-based coordinating organizations such as the CCC, NGO Forum, MEDICAM, the Cambodian Human Rights Action Committee, and the National Education Partnership. These organizations work to ensure that the voice of civil society is heard at both national and sub-national levels. The NGO Forum works with organisations in all sectors to prepare for the annual government-donor Consultative Group meeting, to monitor the National Strategic Development Plan (NSDP) and to provide input to the Government Donor Coordination Committee. It is also involved in providing support to CSOs to participate in the TWGs and monitoring these activities and collects CSO position papers to present at the GDCC every 18 months.

In order to improve and develop the role of CSOs in the aid effectiveness agenda, the Cooperation Committee for Cambodia (CCC), a membership-based umbrella organization, has implemented five regional training workshops and several multi-stakeholder workshops/dialogues which took place between November 2009 and November 2010. These aimed to build the capacity of CSOs across Cambodia on the PD Principles on Aid Effectiveness. Over 600 participants attended these workshops, leading to greater awareness and understanding amongst CSOs of the issues and the creation of some impetus for broader participation in policy planning, implementation and monitoring. In addition, the workshop series initiated dialogue between government, particularly representatives from the CDC, development partners and civil society. At the national consultative workshop in November 2010, a press release supported by participants from CSOs, donors and government representatives was sent to the media outlining recommendations for future cooperation. CCC is also host to the 2nd Global Consultation on the Aid Effectiveness in June 2011 in Siem Reap.

In 2004, the CCC established the NGO Good Governance Project. Its goal is to professionalize and strengthen the CSO sector, building public trust and accountability to stakeholders. The Good Governance Project is an important tool in the movement towards aid effectiveness as it helps CSOs to demonstrate their capacity and willingness to be more accountable, thereby enhancing the sector's reputation and building public trust. It is a voluntary process that is driven by CSOs themselves. As of December 2010, 81 CSOs had applied for certification and 23 had already been certified.

3. Transparency in Aid Disbursement and Financial Management

The government seems to be working towards improving accountability to parliamentarians and citizens. The national budget has been discussed in parliament and disseminated as a public document. However, the input by parliament has been limited due to capacity constraints. The Inter-Parliamentary Union is working to inform parliamentarians on issues related to improving accountability and provides recommendations on how to improve their input into the budget process and the management of aid. The National Audit Authority made

its first national audit in 2006. However, this was not released to the public until 2009. Other key budget documents remain confidential and are not publicly available.

Public access to information on aid and national development policy is possible through the Cambodian Rehabilitation and Development Board Council for the Development of Cambodia (CDC-CRDC) website. The website contains aid effectiveness reports, minutes and presentation notes from the meetings of the Government Development Partner Coordination Committee and other relevant documents related to aid management. The aid database also supports information reporting and sharing, which works to encourage dialogue on more effective aid management practices at the sector and TWG level. However, information about concessional loans from non-traditional donors like China and Korea, is limited and lacking in detail on interest rates and terms. As these loans account for approximately one third of total aid it is imperative that information about them is made accessible and transparent in order to foster real democratic ownership.

At sector level, the health and education sectors have conducted joint sector reviews and the TWGs have responsibility for monitoring the Joint Monitoring Indicators, which are development indicators measuring achievement of the National Development Strategy (Rectangular Strategy), NSDP and the Millennium Development Goals. An online survey gathered for the Phase 2 PD Evaluation showed that most stakeholder groups feel that Cambodia has provided transparent access to information on aid-funded activities and that all major development partners do publicly disclose timely information on budget allocations.

However, in a presentation by CRDC in 2008 it was stated that some donors do not provide information.¹² One donor that is especially criticized for lack of transparency is China, a relatively new player in Cambodia. Chinese aid is given directly to the government and managed through the Council of Ministers. Although China has participated in the Cambodia Development Cooperation Forum (CDCF) and provides information on its loans to Cambodia for the aid database, the information is not always complete.¹³

At CSO level, the NGO Forum is involved in budget analysis. Budget plans and expenditures of the National Budget are monitored against the Government's priorities as outlined in the NSDP Update. In cooperation with other CSOs, the Poverty Reduction and Growth Operation is effectively monitored as well. In November 2010, the monitoring results were presented for members of parliament at the Open Budget Survey launch. The National Assembly agreed to a consultation workshop with the NGO Forum on the 2011 draft budget following the success of the 2010 launch.

¹² Chou, H. (2010) CRDB Breakout Session on Mutual Accountability: What has been done so far? How can partner countries hold donors accountable?

¹³ See endnote 7

4. Conditionality

Although an agreement was made to “make public all conditions linked to disbursements” at the AAA meetings, finding information related to donor conditions in the course of this research proved difficult. Neither the Phase 2 Evaluation of the PD nor the 2010 Aid Effectiveness Report make any mention of the conditions placed on disbursements by donors. No research or consolidated studies have been carried out on the issue in Cambodia and the aid database does not provide any information related to donor conditions. In its own assessment for the 2010 Mutual Accountability Survey, the government rated the aid database information on conditionality as low, giving it a score of 2 out of 5.¹⁴

There was a hint of government resentment of donor imposed conditions in a 2007 presentation by the Secretary General of the Cambodia Development Cooperation Forum entitled, “Mutual Accountability or Donor Conditionality?”. In it, he noted “some remaining – or growing – concerns about partnership and engagement...[and]...increasing signs of a reversion to conditionality”.¹⁵ These conditions are drawn from the Joint Monitoring Indicators, which form the mutual accountability framework and which are agreed on during the dialogue process between donors and government (Government-Development Partners Coordination Committee and Cambodia Development Cooperation Forum). These indicators are based on the National Strategic Development Plan and other roadmaps, but their development is not without donor influence.

One example of this is the World Bank-led Poverty Reduction and Growth Operation (PRGO), a multi-donor budget support instrument. The PRGO aims to create a link between the Joint Monitoring Indicators and funding through conditions.¹⁶ Here disbursements are released on the basis of “prior actions” or “triggers” related to the government’s own policy frameworks. However, the seriousness with which these conditions are applied is questionable. There have been cases where, despite the conditions failing to be met, aid funding continued. For example, donors had been demanding Anti-Corruption legislation for years before it was finally passed in 2010 after nearly 14 years. Despite unmet conditions such as this one, aid disbursements to Cambodia have seen a steady increase over the past 5 years, from USD 600 million in 2005 to nearly USD 1.1 billion in 2010.¹⁷ In fact, some CSOs prefer more, rather than less, conditionality on government, as they feel they are limited in how much influence they have over the government without donor assistance. This view is rejected by more radical organisations and donors.¹⁸

One donor that does not impose any policy conditions is China. China’s aid has steadily increased from USD 32 million in 2004 to USD 100 million in 2010.¹⁹ While other donors

¹⁴ Royal Government of Cambodia (2010) DRAFT, Cambodia Mutual Accountability Survey.

¹⁵ Yanara, C. (2007) ‘The Joint Monitoring Indicators: Mutual Accountability or Donor Conditionality?’ Presentation Available at: http://www.cdccrd.gov.kh/cdc/first_cdcf/session2/presentation_chhiengyanara.htm

¹⁶ Greenhill, R., (2007) Making Aid More Effective? An Independent Assessment of Accountability and Ownership in the Aid System. Cambodia Case Study.

¹⁷ See endnote 1

¹⁸ See endnote 15

¹⁹ See endnote 1

impose conditions related to democratic reform, environmental conservation or sustainable development, China's only policy seems to be that recipient countries support the "one-China" principle and recognize Taiwan as a part of China.²⁰ China does not pay attention to development results like poverty reduction or to the aid effectiveness agenda. The growing importance of China as a donor means that donors working towards reforms in these areas are losing leverage. This is certain to have an impact on the implementation of principles such as democratic ownership.

5. Untying of Aid, Technical Assistance and Procurement Policies

Technical assistance accounts for a large proportion of aid, although total aggregate technical assistance has declined from 47% to 33% of aid disbursements between 2005 and 2009.²¹ In 2008, the government issued the *Guidelines on the Provision of and Management of Technical Cooperation* to ensure that technical assistance was targeted at government-identified priorities in public administration and human resource development. Development partners are still awaiting the National Capacity Development Strategy which is being prepared by the Council for Administrative Reform and which will provide guidelines on all public investments in capacity development and organizational reform to ensure that they support the government's reform efforts.

Much of the technical assistance is 'tolerated' as government officials very rarely refuse any offers of assistance, even if they are seen as unnecessary. As development partners generally control the decision making, there is an oversupply of technical assistance and most work from appraisals to report writing to monitoring and evaluation is performed by advisers and consultants. From the donor perspective, this is a strategy to mitigate risks and maintain disbursements. The lack of ownership over technical assistance by the government has resulted in donor-led projects and programmes and fragmentation of development interventions.²²

Many donors have untied their aid, but more than one third remains fully or partially tied. In 2010, 29.14% was fully tied and 13.08% was partially tied.²³ The majority of aid from the United States, Japan and South Korea was partially or fully tied, while 100% of aid from China was fully tied as China requires that the majority of the workforce for its infrastructure projects be supplied by Chinese labour.²⁴ Tied aid prevents the development of local capacity to provide goods and services and increases administrative burdens on both donors and recipient governments.

Most donors have been reluctant to utilize country systems due to slow public sector reforms and lack of trust in national procurement systems. One survey shows that only 12% of

²⁰ See endnote 7

²¹ See endnote 9

²² Land, A. and Morgan, P. (2008) Technical Cooperation for Capacity Development in Cambodia, Making the system work better.

²³ The Cambodia ODA Database. Available at: <http://cdc.khmer.biz/>

²⁴ Ibid

development assistance is processed through government financial systems and only 16.5% uses national procurement systems.²⁵ At the time of writing, the Partnership and Harmonization TWG is planning a workshop on promoting the use of country systems in May 2011 to address this. One possible/probable reason for this reluctance is the country's reputation for corruption at all levels. Cambodia ranks very low in Transparency International's Annual Corruption Perceptions Index although it has moved up in recent years from #162 in 2007 to its current position at #154.²⁶ The impact of the recently passed Anti-Corruption Law remains to be seen.

Conclusion

It is clear from the analysis above that while Cambodia has taken some steps towards country ownership of the development process, it still has a very long way to go to achieve democratic ownership. There has been an opening of space for participation in high level mechanisms for development management. However, CSOs' participation is limited due to capacity constraints and is only formalized at national level. This brief suggests that Cambodia is embracing ownership as "government ownership" rather than "democratic ownership".

Lessons learned:

- While the environment for civil society is limited, there have been examples of government listening to and taking on board CSOs' inputs, albeit selectively, and mainly in social sectors such as education and health.
- Transparency in aid has improved with the establishment of the aid database although non-traditional donors like China are not always forthright about the terms of their support.
- The conditions set down by traditional donors appear not to have changed much in recent years. What is striking though is that aid continues to be given whether or not those conditions are met.
- While the majority of aid is now untied, expensive and donor-driven technical assistance continues to represent a large element of donor funding.

Recommendations:

Government

- Increase the transparency of development processes and aid flows, and most especially those aid flows and loans from non-traditional donors like China.
- Replicate national multi-stakeholder consultation processes such as the Technical Working Groups at sub-national level; also look at processes at commune level to ensure that they are being implemented with input from communities.
- Ensure that development processes allow for genuine engagement of all actors in planning, implementation and monitoring at all levels.

²⁵ See endnote 9

²⁶ Transparency International (2010), Corruption Perceptions Index 2010.

- Deepen engagement with CSOs in the Technical Working Groups to ensure their voices are not only heard but also listened to.

Donors

- Provide capacity-building to CSOs to be able to engage in national and sub-national level development mechanisms including the Technical Working Groups, the Government-Donor Coordination Committee and budget monitoring.
- Continue to disclose all aid conditions and timely information on aid flows, budgets and results through the aid database.
- Ensure that technical assistance is in line with government-identified priorities and follows the 2008 guidelines set out by the Cambodian government.
- Provide aid for long term programs, rather than only short term projects, which address the needs of communities not the priorities of donors.
- Support and encourage partner CSOs to apply for certification under the Good Practices Project in order to develop good practices.

CSOs

- Continue to build capacity to effectively engage in development processes at all levels.
- Take serious steps to embrace accountability and transparency principles both internally and in engagement with the wider sector.
- Elaborate common sector-wide development strategies for CSOs while maintaining clarity about organizational objectives and effectiveness as agents of change in the development process.