

Cambodia Development Resource Institute

Policy Oriented Research Programme on Decentralisation  
(PORDEC)

INCEPTION REPORT

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## List of Abbreviations

CAR	Council for Administrative Reform
CDRI	Cambodia Development Resource Institute
DAC	Decentralisation Advisory Committee
DOLA	Department of Local Administration
GAP	Governance Action Plan (2001)
MEF	Ministry of Economic and Finance
MOI	Ministry of Interior
NCSC	National Committee for Support to the Communes
NPRS	National Poverty Reduction Strategy (also called PRSP=Poverty Reduction Strategy Paper)
PLG	Partnership for Local Governance
PORDEC	Policy Oriented Research Programme on Decentralisation
Sangkat	Sangkat are the urban councils
SEDP II	Second Socio-Economic Development Plan
RGC	Royal Government of Cambodia
VDC	Village Development Committee
WTO	World Trade Organisation

## 1 Introduction

CDRI views policy oriented research to have a two-fold aim. It shall analyse the process of change in the view of the ongoing decentralisation reform in Cambodia with operationally relevant data and analysis of challenges and lessons learned during implementation. This analysis will give policy relevant input to the Royal Government of Cambodia (RGC). It shall furthermore contribute to building institutional capacity for research related to local government and decentralisation in Cambodia.

## 2 Background

Cambodia has embarked on a path of decentralisation reforms including devolution of power to elected local councils, and deconcentration of functions and power from central government to provincial and municipal governors. The current decentralisation process in Cambodia has grown out of the CAREERE/Seila initiatives since 1996, as well as from the initial agenda setting of the Royal Government of Cambodia (RGC) in 1999, with its first steps towards putting the legal framework in place for decentralised governance.

Two forces were driving decentralisation within the MOI. The senior level of the ministry had a clear objective to extend and deepen democracy in Cambodia by pushing it out from the centre and down to the local level. The other intention of the ministry was to ensure a greater delivery of services to local people along with a change of attitude. It was the perception of the MOI that villagers were not used to taking part in decision-making and implementation and therefore a culture of demand was more common than a culture of initiative and participation. The centralised system had reduced people's feeling of ownership and the RGC realised that this attitude needed to be changed. Hence, an internal process with the aim of increasing people's feeling of ownership was generated in the MOI. Between 1999 and 2001 the MOI and other central ministries decided on the basic form that the decentralisation should take.

First, the RGC decided that Cambodia should have elected councils. This was followed by discussions regarding the level of the electorate: should it be the district or the commune? While it was recognised that the district level might create a financially more viable local government and also initiate a process of 'tearing down' rather than 'building' administrative boundaries, the RGC believed that the commune level could create small and stable units after decades of civil war<sup>1</sup>. Also, the CAREERE/Seila experience indicated that decentralisation was feasible. The present Seila/PLG programme has become an important funding mechanism and donor coordination body, and hence represents an important aspect of the decentralisation reform.

With the Law on Election of Commune/Sangkat Councils of 14 February 2001 and the Law on Administration and Management of Commune/Sangkat of 19 March 2001, crucial legislation was in place to carry out the first commune elections ever in February 2002. These elections are regarded by most as successful. They also represent a significant step towards attaining the goals of the reforms. Along with the devolution of power to Commune/Sangkat councils, functions and power have been deconcentrated to provincial and municipal authorities through sub-decrees in support of the Commune/Sangkat Councils.

Three objectives emerged from discussions on decentralisation within the government. First was the need to strengthen democracy in Cambodia by enhancing party collaboration. This was seen as necessary to remedy party conflicts after decades of civil war. Second was the need to create ownership of decision making, by a process of putting people in charge of their own development. Third was the view that ownership to the development process would contribute to reduction of poverty.

The RGC regards decentralisation as a process whereby capacity, understanding of decentralised governance, and funds to go along with the responsibility given to the Commune/Sangkat Councils, will be addressed along the way. This 'learning-by-doing' approach has been seen as crucial in the context within which the

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<sup>1</sup> Interviews with H.E. Sak Setha (April 22, 2003) and Paddy Roome (April 24, 2003).

decentralisation reform evolved. In this light, mandate has been given to the communes although several capacity building, finance, and legal issues are still to be addressed.

The context for the government's reform programmes is stated in the Government Action Plan and outlined in the Triangle Strategy of the Second Five Year Socio-Economic Development Plan (SEDPII) for 2001-2005. The Triangle Strategy addresses (i) restoration of peace and stability, (ii) Cambodia's integration into the region and normalisation of relationships with the international community<sup>2</sup>, and (iii) promotion of economic and social reform programmes through the implementation of extensive reform programmes. The adaptation of a Poverty Reduction Strategy Paper in 2002 forms part of this third leg of the Triangle Strategy.

Decentralisation in Cambodia takes place within this overall policy context. Although there is not yet a decentralisation policy document guiding the process, decentralisation is seen by the RGC to have three main policy objectives<sup>3</sup>:

- (i) *Promote pluralist participatory democracy at local level (inclusive local democracy and good governance) by creation of popularly mandated and autonomous local governments (Commune/Sangkats) that are responsible to citizens, represent and address their interests and make decisions over delivery of public goods and services.*
- (ii) *Promote the culture and practice of participatory development (planning, management, resource mobilisation) at local level through the CCs for social and economic development of people, and*
- (iii) *Contribute to reduction of poverty in the country through improvement of service conditions, create and access opportunities to poor and deprived ones in local development and delivery of services (inclusiveness in practice).*

Decentralisation in Cambodia takes place within this overall policy context, and its aim of poverty reduction is in agreement with the common objectives of the decentralisation reforms sweeping the developing world. The hypothesis is that elected representatives at sub national and local levels are better able than the central government to understand and address the needs of the people. The assumption, therefore, is that (i) the planning process is open and transparent with equal access for every citizen, (ii) the identified priorities of the majority of the constituency are the chief arguments guiding council resource allocation, and (iii) the local authorities establish a certain degree of autonomy and integrity. Hence, these issues are the key challenges for success.

The need for success in addressing poverty reduction is important in any developing country. In a post-conflict society like Cambodia, the aim of the decentralisation process, dating back to the period of repatriation of refugees and rehabilitation<sup>4</sup> in the early 1990s, is also about building a culture of peace. In the young Cambodian democracy, this aim remains relevant.

There is no evidence, however, suggesting that there is a clear connection between decentralisation and poverty reduction<sup>5</sup>. This may be due to the fact that a causal link is very hard to manifest. There is furthermore a need for a decentralisation reform to be 10 to 15 years in motion before any effect on poverty reduction can fairly be judged<sup>6</sup>. Quite a number of challenging assumptions need to be fulfilled for a decentralisation process to be regarded as successful. In Cambodia, this process has only just started. A number of issues need to be addressed along the way.

It is within this ongoing reform process that PORDEC can make an impact through analysis of the challenges and of the changing dynamics at the local level.

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<sup>2</sup> Cambodia regained a seat at the UN; became a member of ASEAN; and is currently negotiating membership with the WTO.

<sup>3</sup> Thematic paper of the Deputy Prime Minister Sar Kheng at the National Symposium on Decentralisation and Local Governance on May 15-16 2002 (see pp.2).

<sup>4</sup> See Rudengren and Ojendahl 2002 "Learning by Doing", SIDA, for an account of the CARERE programme.

<sup>5</sup> See Crook and Sverrisson 1999 "To what extent can decentralised forms of governance enhance the development of pro-poor policies and improve poverty-alleviation outcomes?" Rakodi 2002 "Decentralisation: does local democracy improve responsiveness to the poor" (unpublished paper); NIBR 2002 "Supporting decentralisation and local governance - lessons learned, good practices and emerging issues" DAC Working Paper on Aid Evaluation. Oslo:NIBR.

<sup>6</sup> NIBR/NCG 2002. *Supporting decentralisation and local governance - lessons learned, good practices and emerging issues*. DAC Working Party on Aid Evaluation. Oslo: NIBR.

## 2.1 The conceptual framework

What are local governments? What are deconcentration and decentralisation and what is the difference?

The local government in Cambodia is the Commune/Sangkat Council. As in all other countries with a local government<sup>7</sup>, the Commune/Sangkat Councils play a double role. They are on the one hand local institutions that shall represent local interests and relate to specific problems at the local level. This is most clearly expressed in the case of local political institutions that are based on representative elections. Hence, they are institutions for local self-governance with their own priorities. They derive their power from the people they represent. In their capacity to serve and represent the interest of the local community, they are supposed to defend local interests within the national system.

On the other hand, local governments also derive their authority from the central government. Hence, they will partly serve as agents for this centre. In Cambodia, the functions that are derived from the central government are called 'agency functions'. In this way, local governments are a part of the public sector.

The relationship between the state and the local government can be organised in many ways. In the modern states, the relationship between the state and local governments is usually one where certain powers and functions are decentralised. Generally, the term *decentralisation* means two things: One is 'political decentralisation'. This means that power and functions are transferred from central to local government. The local government is based on political representation. This means that the councillors are locally elected representatives of the people who live in the area of territorial jurisdiction of the local government. This type of decentralisation is then usually called political decentralisation or *devolution*<sup>8</sup>.

The other is 'administrative decentralisation', which refers to delegation of tasks and transfer of authority from central government to sub national levels of government. These sub national levels can be seen as branches of the central government. The public sector set-up is usually reflected at sub national levels through department offices, such as Department of Education, Department of Health, etc. The sub national level of government, i.e. the provinces and the districts, are not locally representative institutions. This means that they are not elected by the people but employed by sector ministries. Administrative decentralisation is also referred to as *deconcentration*<sup>9</sup>.

Another form of decentralisation, albeit not commonly discussed in Cambodia at the moment, is privatisation of devolved functions (such as contracting out and deregulation of activities), and privatisation of national functions<sup>10</sup>.

This implies that the concept decentralisation usually is taken to cover both the political decentralisation (devolution) and the administrative decentralisation (deconcentration)<sup>11</sup>. In Cambodia, rather than using the concepts 'devolution' and 'deconcentration', the two concepts commonly used are 'decentralisation' and 'deconcentration'.

*Deconcentration* is seen in Cambodia as the transfer of administrative functions from the central government to sub national levels of government. When these functions are transferred to the province or the district they have been seen as part of the deconcentration reform. When these functions have been transferred to the Commune/Sangkat Council<sup>12</sup>, these functions have been seen as so-called "agency" functions to the communes. An agency function to the communes, which in effect is a deconcentrated function, is typically the civil registration and the election registration where the Commune Clerk, who is an employee of the Ministry of Interior, carries out a function on behalf of the central government. In Cambodia, deconcentration has been

<sup>7</sup> See Naustadalslid *et al.* 1999. *Decentralisation from Above*. NIBR Pluss Series No 4. Oslo: Nordberg A/S.

<sup>8</sup> Conyers, D. 1983. Decentralisation: The latest fashion in development administration. *Public Administration and Development*, No 3.

<sup>9</sup> Cohen, J. and S. Peterson. 1999. *Administrative Decentralisation: Strategies for Developing Countries*. Connecticut: Kumarian Press Inc.

<sup>10</sup> See Turner, M. 2002. *Decentralisation Facilitation. A study of decentralisation in Cambodia with specific reference to education*. University of Canberra: School of Management and Policy.

<sup>11</sup> In its design of the decentralisation process, a country needs to make decision of how to decentralise the sectors. As the decentralisation process in Cambodia is still young, the discussions on sector decentralisation have barely started.

<sup>12</sup> Sangkat is urban councils.

seen as a separate, rather than an integrated part of the decentralisation reform. The Council of Administrative Reform (CAR) is responsible for the deconcentration process.

*Decentralisation* is seen in Cambodia as the transfer of power and resources (in effect devolution) from the central government to the Commune/Sangkat Councils, which by law are autonomous but not sovereign. The C/S Councils are elected and therefore supposed to be downward accountable to the electorate. The National Committee for the Support to the Communes (NCSC) is responsible for the decentralisation process.

## 2.2 Progress of the reform so far

With the major laws in place in 2001<sup>13</sup>, the RGC believed that Cambodia was ready to *start* the decentralisation process, and that remaining issues could be worked out along the way. The starting point, namely the urgency to make local people owners of their own development, and that Cambodia now is at the beginning of its decentralisation reform, is crucial to keep in mind when discussing progress and challenges.

What progress can be seen since the Commune/Sangkat Elections in February 2002 up to today? Our preliminary findings are not sufficient to provide any extensive list of the progress, but the following headlines can be mentioned<sup>14</sup>:

- All Commune/Sangkat Councils have developed their 5 year Commune Development Plans, three-year rolling investment plans and annual budgets.
- All the communes are now included in the Seila programme<sup>15</sup>. Through the implementation the Sub Decree on the Commune Sangkat Fund, they have access to the Commune/Sangkat Fund. In addition through the NCSC approved training programmes all commune and sangkat councils have had access to training and capacity building efforts and support and supervision from the sub national level. Some communes also have access to capacity building programmes supported by other donors and NGOs, but these do not have a nation-wide coverage.
- For 2003: approximately 41.000 projects have been approved for the communes, through the District Integration Workshop. Of these
  - 46.3% (19.000) are supported by sector ministries
  - 24.4% (10.000) by NGOs/donors
  - 29.3% (12.000) by the Commune/Sangkat Fund (national government transfers and donor funds)
- The National Council for the Support to the Communes (NCSC) is in the process of developing a strategy and time line for the decentralisation process. An outline will be ready before the National Elections, and will be addressed by the NCSC after the National Elections. This will give a clearer indication of government plans and time frame.
- The MOI is also in the process of looking at the demarcation of commune boundaries as it is anticipated that in order to get viable communes, demarcation would be necessary before the next commune/sangkat elections in 2007.
- The MOI has also carried out several important activities with the aim to improve the management of the decentralisation reform. Two examples can be given. One is its facilitation of discussions among the commune councillors regarding the establishment of a local government association, which would help the commune councils to share information and collaborate. It will also enable the communes to network with similar institutions elsewhere in the world. Second is the MOI preliminary review of the decentralisation reform, which was carried out in February-March 2003.

<sup>13</sup> As mentioned further above: The Law on the Commune/Sangkat Elections, and the Law on the Administration and Management of the Commune/Sangkat.

<sup>14</sup> Presented by PORDEC at the Annual Seminar for Provincial and Municipal Leaders in Phnom Penh on May 12-14 2003.

<sup>15</sup> supported by the Partnership for Local Governance (PLG)

- As part of the preparation for deconcentration of sector functions, several ministries are currently piloting activities. The Health Sector Strategy, which aims to establish a sector wide management, is an example of this. It is not yet clear how and where functions will be placed. Another is the Priority Action Programmes within health and education. A third is the Ministry of Agriculture's ADESS programme, which delegates training and extension services in support of the communes to the district.
- The Council of Administrative Reform (CAR) is in the middle of a process where it aims to establish a policy for the deconcentration process. CAR has already distributed a draft policy and strategy on deconcentration to stakeholders, which will be presented at a seminar after the National Elections, probably in September 2003<sup>16</sup>.

### 2.3 Current challenges of the reform

PORDEC has carried out some very preliminary research into the decentralisation process. Based on our impressions so far, the team believe that there are five major challenges:

- **The first is that the deconcentration process is lagging behind the decentralisation process.**

Two major laws support the decentralisation reform (as mentioned above). The decentralisation reform is also supported by the CARERE/Seila/PLG programmes, which since 1996 have built support structures for local government at the provincial level, have tested the Local Development Fund (which now is called the Commune/Sangkat Fund) and have been instrumental in promoting developing planning systems at the commune level. Today, much of the Seila approach has been institutionalised as part of the decentralisation reform..

The support and supervision structure to the communes is placed at the provincial and district levels in ExCom, and with staff<sup>17</sup> that is mostly drawn from the technical line departments of the province and the district. The governors<sup>18</sup> are concerned with the kind of role they shall play in relation to the communes in the future, as the functions of the provincial and district levels have not yet been entirely clarified.

- **The second issue is that of capacity and the viability of Commune/Sangkat councils.** When the decision was made to place the elected council at the commune level, the RCG realised that a new demarcation of boundaries may be needed in order to expand the size of the communes. Larger communes may be financially more viable<sup>19</sup>. The challenge is whether this expansion would offer the communes more autonomy through the opportunity to employ their own staff and hence reduce current dependency on capacity support staff employed by other institutions.
- **The third is the establishment of parallel institutions or parallel lines of command.** Another challenge that will need to be addressed in the years ahead is that several systems operate side by side. First, line functions still exists from the provincial and district level down to the village, as the Village Chief is still an employee of the central government. S/he plays a significant role in commune development planning. Second, funding of activities takes place outside the auspices of the commune councils, often by NGOs and political parties. This is a challenge for commune autonomy.
- **The fourth is that the communes are not yet authorised to collect their own revenue.** This is what is called fiscal decentralisation. At the moment, the only fees that the commune can collect are

<sup>16</sup> Interview with Hok Peng Se (May 5, 2003).

<sup>17</sup> Provincial and district facilitators (PFT and DFTs) and Technical Support Staff (TSS)

<sup>18</sup> Reports from Working Groups at the Annual Seminar of Provincial and Municipal Leaders, Phnom Penh 12-14 May 2003.

<sup>19</sup> ADB's Commune Council Development Project (CCDP) carries out air photo mapping. This will give an overview of available natural resources, which will assist the commune demarcation process.

for civil registration. The Commune Clerk collects these fees. According to preliminary indications<sup>20</sup> these are very limited amounts.

Currently, the district collects taxes at the village level. Initial scoping<sup>21</sup> by the research team indicated that the market fees paid in a village (daily fee – paasi), the monthly fee (pondaa) as well as annual fees (patent) on rice mills and other "mechanised" businesses is quite substantial amounts and may, if regulations are issued for communal collection of these taxes, provide the communes with a tangible income. Hence, there is a need to address the issuing of regulations for communal tax collection, along with systems of transparency and accountability.

Until the communes can gather their own funds, it is vital that transfer of agency functions go hand in hand with sufficient resources to handle the responsibility. There is a danger that sector departments offload their responsibilities without accompanying this with necessary resources<sup>22</sup>. This is a common challenge for decentralisation processes in all countries.

- **The fifth is willingness to collaborate across party lines.** A common feature in most developing countries is the challenge faced by multi party commune councils in collaborating across party lines. Several observers believe it is a great challenge for councillors to work for a common cause across party lines, while having development for the commune as the highest priority. There may be a need to recognise this as one of the big challenges of the Commune/Sangkat Councils, and also look at how capacity building programmes may address this.

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<sup>20</sup> Interviews with commune clerks in Ek Phnom District, Battambang Province (April 30, 2003), and Samrongtong District, Kampong Speu Province (May 22, 2003)

<sup>21</sup> Focus group interviews with vendors in Ek Phnom District, Battambang Province (May 1, 2003)

<sup>22</sup> Interview with one District Governor in Battambang Province (April 29, 2003)

### 3 Discussion of policy relevance

Within this context, the most relevant overall theme for PORDEC will be the 'dynamics of change' within institutions and processes that are affected by the decentralisation reform. This may give an indication of whether the reform is moving towards its set goal. PORDEC is not a monitoring programme. Hence, it cannot provide consultant feed back to institutions with immediate needs related to specific programmes. Rather, PORDEC aims at providing feedback on the ongoing process of change. PORDEC aims to follow a two-way process. One, it realises that output will be required quite shortly both by the government and the donors. Working Papers and Policy Briefs will address these near term needs. The Working Papers will be a first step in the process toward providing a longitudinal analysis of the entire reform process, i.e. the second step, which can be expected at the end of the programme period in 2006 in the form of a book.

It is of vital importance to PORDEC that the research is policy relevant. Overall, the research will take place within the framework of the National Poverty Reduction Strategy (NPRS) addressing pro-poor investments and empowering the poor through access to institutions of decision-making and to public services. It is not immediately obvious what is policy relevant. Some issues may be relevant in the short-term and hence prioritised by all stakeholders. Other issues may be relevant in longer-term perspective but failing to address them in the near term may hinder the unfolding of the reform in the longer-term.

To CDRI, policy relevance means at least two major things. First is the content of the actual research and the assurance that this research can provide analysis and information that is relevant for policy and decision makers. Second, policy relevance lies not only in the actual research findings, but equally in the building of trust and relationship with stakeholders to ensure ownership to these finding and hence increase the possibilities of translating these findings into implementation. An important challenge for PORDEC is therefore to (i) build and maintain a constructive and mutually reinforcing relationship with stakeholders through meetings and discussions, (ii) involve relevant stakeholders in actual field research, and (iii) give feedback during the research process and disseminate information in ways that make stakeholders partners in the process rather than passive receivers. These latter aspects are rarely given the attention commensurate to the importance of such collaboration in order to impact on change in developing countries.

The Advisory Committee (see further below) will help to ensure that the activities carried out by PORDEC are policy relevant.

## 4 The Policy Oriented Research Programme on Decentralisation

### 4.1 Introduction

The Policy Oriented Research Programme on Decentralisation was established at CDRI in November 2002. This programme has an initial four-year scope, and is funded by DFID and SIDA.

The research programme has been designed through a two-step process. The first step was a consultative process carried out by PADRIGU CONSULTANTS in collaboration with CDRI in 2002, where overall topics for analysis were discussed. This resulted in the research framework entitled "Understanding Decentralisation in Cambodia. A Research Framework to Support the Process of Devolution and Deconcentration in Cambodia" in August 2002, with the following securing of funds from the above mentioned donors. The second step was the inception phase, which took place between November 2002 and March 2003 with employment of CDRI staff, discussion with stakeholders, preliminary field trips to three provinces, and an Inception Seminar held in Phnom Penh on March 27, 2003. The aim of this seminar was to get input to the draft ToR, methodology and research questions for the studies planned for 2003 and for the overall vision beyond 2003 up to 2006. The objective of this seminar was to increase the chances of the research being fruitful and useful to the decentralisation process of the Royal Government of Cambodia.

The Inception Seminar produced fruitful and constructive feedback and advises. The major advise were related to: (i) Ensuring longer term research rather than several shorter term studies, (ii) Ensuring a clearer focus on the policy relevance of the various topics that the team has suggested for analysis, and (iii) Ensuing an increased focus on ownership by the government. In addition to this, several minor suggestions were made. (see Appendix II). PORDEC's response to these suggestions is included in Appendix III.

Following the seminar, it is now clear that PORDEC aims at being policy relevant while at the same time providing longitudinal research. This is in line with the expectations of the RGC and the donors. To reach this goal, PORDEC has already initiated its 'kick off study' on the decentralisation design, planned for 2003. The decentralisation design study will provide the overall analysis of the structural design of the reform. A pilot was carried out in April 2003, and the follow up studies will take place during the next months. Following the April pilot, the research approach and methodology have been adjusted and slimmed down. Longer-term studies will follow from the decentralisation design study, mainly on local government responsiveness and social and political dynamics of change; local revenue potential and resource mobilisation ability at the local level; and on prospects of poverty reduction resulting from the decentralisation process (see more details further below and ToR in Annex I).

In addition to the actual research itself, an important aspect of PORDEC is also to build capacity at CDRI to take a leading role in carrying out research on the decentralisation process in the coming years and build capacity in Cambodia on research on local governance. This entails that the research process must necessarily start with a wider approach to allow the researchers to get an overview and understanding of the reforms. Then the approach will be narrowed down. This should be regarded as a capacity building process that entrench a basic understanding of the reform and its philosophy into the research. This is crucial in order to be able to do policy relevant research and put forward recommendations that are feasible for the government to address. As part of a wider CDRI approach, PORDEC also aims at identifying career-building steps for its researchers and to ensure their participation in constructive and relevant courses and seminars. This is to help ensure that the capacity that PORDEC builds are likely to remain at CDRI to continue to assist the government in the years ahead. With the integration of seconded government staff, research capacity will also be strengthened in other institutions. Furthermore, these institutions will also build ownership to the information and analysis and hence increase the likelihood of recommendations to be absorbed at the levels of decision-making and implementation.

## 4.2 Advisory group and reporting mechanisms

CDRI has established a Decentralisation Advisory Committee (DAC)<sup>23</sup>. The DAC will meet biannually. The DAC may become an important mechanism of reporting between the research team and stakeholders within the decentralisation reform. The members of the DAC will have the responsibility of bringing research findings from PORDEC back to the agencies they represent and network with. The DAC will discuss and comment on ongoing research and ensure feedback from research to the government and other stakeholders. The DAC will also, in addition to the biannual meeting, be invited to comment on draft Working Papers and Policy Briefs. Members of the DAC include representatives from the central ministries, governors, PLG, NGOs, and donors. Some of the members come from academia, hence, the DAC will be able to provide necessary advise in terms of research methodology and approach. With this composition, the DAC will be able to understand the context that PORDEC works within.

In terms of international collaboration, PORDEC has initiated informal collaboration and seek advise from two very senior researchers<sup>24</sup> with long experience in Cambodia. One of them is already actively engaged as a mentor. A funding application to formalise institutional collaboration with one of them has already been handed in to SIDA/SAREC in Stockholm.

PORDEC will report in different manners:

- Working Papers (WP) will be produced midway through the programme period, and are a basis for discussions and for adjusting strategies. Hence, they are not necessarily the final findings. Policy Briefs will summarise key points from the WPs. The overall findings and longitudinal analysis will be presented in a book with the working title *Challenging Patronage Systems? The Dynamics of Change in Cambodia's Decentralisation Process*, which will mark the closure of the first programme period of PORDEC in 2006.
- Findings and WPs will be presented and discussed at half-day presentation seminars. So far, PORDEC has been involved in the following seminars: (i) the Decentralisation Inception Seminar (March 27, 2003) for discussion of research approach, and (ii) presentation of the progress and challenges of the decentralisation reform to municipal and provincial leaders, and presentation of PORDEC, during the annual CDRI/Governors Workshop 12-14 May 2003.
- PORDEC will report biannually through the CDRI DAC and get advice on the process ahead.
- PORDEC reports biannually to the CDRI Board of Directors through programme summaries.
- Activity Reports to SIDA (annually) and DFID (quarterly).

## 4.3 Research team, mentors, capacity building and institutional collaboration

The research team at CDRI consists of:

Dr Caroline RUSTEN, Programme Manager

Mr KIM Sedara, Researcher

Ms ENG Netra, Researcher

Despite two rounds of advertising for researchers and interviewing several potential candidates, and attempts to headhunt Fullbrights and other scholars, CDRI has not yet been successful in securing a qualified fourth researcher. The main challenge is to get candidates who have the potential to analyse and conceptualise. Meaningful and effective capacity building and supervision is time consuming. Hence, to employ under-qualified staff with massive support needs will not be practical at the present time.

CDRI is looking to formalise the current informal collaboration with:

Dr Joakim Ojendal, Gotenburg University. Dr Ojendal is currently engaging with CDRI as a mentor. Dr Ojendal will work closely with PORDEC on local government responsiveness.

On fiscal decentralisation and options for capacity building of CDRI researchers on this topic, PORDEC discusses informally with Professor Paul Smoke, New York University. PORDEC has also initiated

<sup>23</sup> Invitations were sent out early May. CDRI has not yet received replies from all the proposed CDRI DAC members.

<sup>24</sup> Dr Joakim Ojendal, Gotenburg University, and Professor Paul Smoke, New York University.

discussions with the formative process research team working on decentralisation reform in Tanzania, to include one PORDEC researcher in a three-week field trip planned for the third quarter of 2003. PORDEC has received a positive response to this request. The aim is to allow for on-the-job training with very qualified researchers who work on similar issues as PORDEC. Similarly to PORDEC, the formative process research team also aims at addressing policy relevant issues. In addition, the formative process research team aims at ensuring organisational learning within government institutions.

The issue of capacity building will also guide collaboration with government institutions whenever relevant.

#### 4.4 Database

CDRI aims at continuously updating the collection on decentralisation relevant material. Seila, CCSP and donors have been very helpful in providing material. Also, book - and articles ordered from abroad add to the library collection. PORDEC keeps a separate excel spreadsheet over articles, books, journals, regulations etc. that are available in the CDRI PORDEC database.

#### 4.5 Presentation of planned research activities

The underlying theme and the red thread following all the research activities of PORDEC is 'dynamics of change'.

Overall, the topics to be addressed by PORDEC are:

- Governance and local democratic processes related to roles, responsibilities and relations (central-local and local-local relations), participation and local government responsiveness to local needs. This study may address the capacity to reform (participatory and prioritised planning, poverty orientation of plans, knowledge of how to implement plans). Kick off study in 2003. Longer-term follow up 2004-2006.
- Fiscal decentralisation: predictability, accountability and transparency in flow of funds between levels of government, local revenue potential, and resource mobilisation ability. Scoping as part of the decentralisation design study in 2003. Longer-term follow up study 2004-2006.
- Service delivery and poverty reduction. Small survey in 2004 on availability, affordability, quality and quantity of service delivery, to be followed up by research on the sector decentralisation<sup>25</sup> through the definition of agency functions and corresponding budgets (from 2004-early 2006) in order to observe change over time. This study will include an overview of the structure of service delivery (part of council/district structure of operating parallel to government structure, e.g. NGOs, or relying on social capital systems).

Within these overall considerations, the following research process has been initiated: CDRI will start with a 'kick-off' study on the decentralisation design analysing aspects related to the design and management of the decentralisation reform that are likely to enhance the end results of increased transparency, accountability, autonomy, and delivery of services addressing the poor.

The major part of the Decentralisation Design study will be finalised by a Working Paper by December 2003. Some of the issues, especially related to decentralisation design and lessons learned from elsewhere, will be pulled along throughout the research programme and finalised as part of the end output.

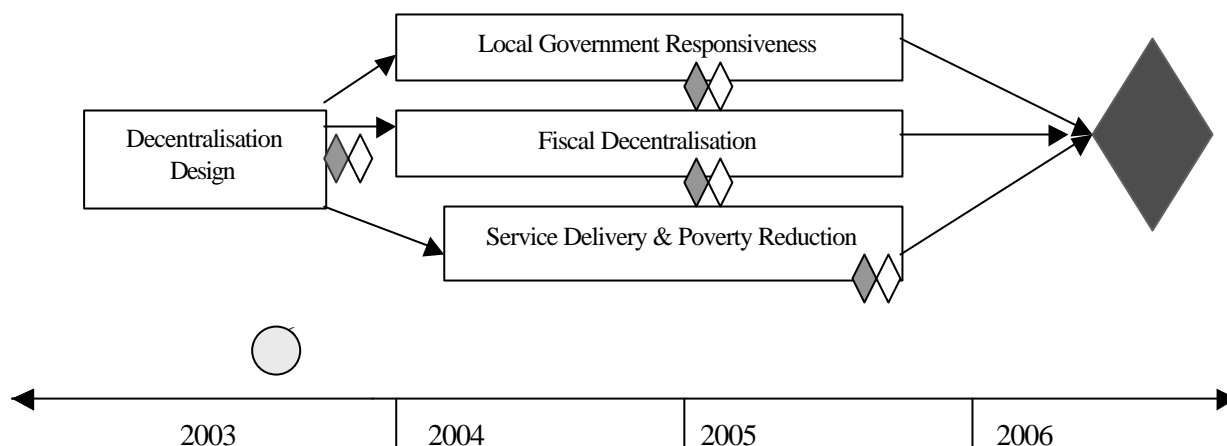
Three longer-term research projects will be drawn from this initial background study. These three planned studies are:

1. Local Government Responsiveness, focusing on participatory planning, reform capacity, responsiveness to demands of the poor, and project implementation.
2. Local government revenue and expenditure analysis, focusing on revenue potential and resource mobilisation ability of the C/S Council.

<sup>25</sup> Some of the sectors that are usually addressed by the HIPC (Heavily Indebted Countries) debt relief policies, such as education, health, agriculture, infrastructure.

3. Service delivery and poverty reduction, focusing on the availability, affordability, quality and quantity of service delivery.

Below, the time line and output of the policy oriented research programme is visualised.



*Explanations*

	Working Paper and seminars
	Policy Brief
	Book
	Other studies carried out in collaboration with PORDEC
	Follow up/input throughout the research programme period

In order to clearly spell out the policy relevance of the studies and at the same time ensure the building up of longer-term research capacity in Cambodia, PORDEC has developed log frames to help guide the research activities throughout the programme period.

<sup>26</sup> “The Evolution of Democratic Processes and Conflict Management Practice as Viewed through Three Cambodian Elections”. This study will take place in July-August with consultant input, and is a follow-up of the CDRI study on “The Nature and Causes of Conflict in the 1998 Election” which was conducted in 1999.

## 4.6 Log Frame of the planned activities

### 4.6.1 Decentralisation Design

Design Summary	Policy Relevance (Indicators)
<b>Goal</b> Contribute to an improved management of the decentralisation reform to enhance the process of poverty reduction in the longer run.	Improved efficiency, transparency and collaboration between levels of government.
<b>Purpose</b> Contribute to an overall understanding of the strengths and weaknesses of the institutional design and the major challenges and opportunities for a smooth decentralisation process.	Increased opportunities to address institutional overlap, parallel activities, unsustainable functions, and undermining of local government.
<b>Outputs</b> Stakeholders aware of the roles and responsibilities of different level of government and the major challenges embedded in the relationship between these levels and the institutional design.	Improved efficiency in collaboration.
<b>Activities</b> -Review of literature and documents -Pilot study with interview guide in Btmbng -Key stakeholder semi-structured interviews w/interview guide	-Seconded government staff participates in selected activities and create ownership to the information and results of the study. This ownership will help to ensure that the research findings are used in their further work.
<b>Inputs</b> -Input and advise from Inception seminar -Mentoring input -Input from CDRI DAC	-Research capacity of CDRI, and capacity of government staff increased.

### 4.6.2 Local Government Performance & Responsiveness

Design Summary	Policy Relevance (Indicators)
<b>Goal</b> Contribute to an improved management of the decentralisation reform to enhance the process of poverty reduction in the longer run.	Improved planning and implementation at the local level
<b>Purpose</b> Provide analysis of the challenges embedded in council performance and identify to what extent the councils are pro-poor in their response to the electorate. Analyse the link between planning/implementation and ownership/maintenance/sustainability.	Establishment of a set of pro-poor response indicators, which can be used in assessing poverty targeting of commune activities. Establish a set of ownership criteria, which can be used in assessing sustainability of projects. Establish a set of transparency/accountability criteria, which can be used in assessing council performance.
<b>Outputs</b> Stakeholders aware of performance and responsiveness indicators and can use this in planning and implementation of projects.	Dissemination of information will lead to improved understanding at the local level of what type of planning and implementation processes that may lead to more efficient and effective development.
<b>Activities</b> -Scoping during the Decentralisation Design study -Identification of 5-10 villages for in-depth follow up studies in 2004 and 2005 -Semi structured interviews and observations.	-Seconded government staff participates in selected activities and create ownership to the information and results of the study. This ownership will help to ensure that the research findings are used in their further work.
<b>Inputs</b> -Input and advise from Inception seminar -Mentor input -Input from international seminars -Input from CDRI DAC	-Research capacity at CDRI, built to level of senior research capacity or above. -Capacity of government seconded staff increased

### 4.6.3 Fiscal decentralisation

Design Summary	Policy Relevance
<b>Goal</b> Contribute to increased service delivery provision by the Commune/Sangkat Council and enhance the process of reducing poverty	Increased opportunities for collection of local revenue and implementation of pro-poor projects
<b>Purpose</b> -Assist the government in the making of informed decisions on policies and regulations.	-Government issue necessary Prakas/ Regulations to enable tax collection by council -Local government proceed with tax collection -Measures for transparency and accountability at the local level identified.
<b>Outputs</b> -Research activities cover three research components: -Analysis of local revenue potential and revenue performance -Analysis of possible new sources for local revenues -Expenditure analysis with analysis of transparency and accountability in the flow of funds between levels of government and analysis of sector allocations, geographical variations etc. in provincial budget allocations.	Dissemination of information will lead to improved understanding at the local level of the revenue potential at the local level, and the major challenges in the flow of funds.
<b>Activities</b> -Literature review on fiscal decentralisation elsewhere and in Cambodia -Semi-structured interviews in selected villages, rural and urban, and with hawkers on informal tax payments -Pilot study with interview guides followed up by semi-structured interview on tax collection at the Commune/Sangkat and district level -Key stakeholder interviews with interview guide on possible new revenue sources -Key stakeholder interviews with semi-structured questionnaires on expenditure analysis	-Seconded government staff participate in selected activities and create ownership to the to the information and results of the study. This ownership will help to ensure that the research findings are used in their further work.
<b>Inputs</b> -Mentoring and on-the-job training by consultant -Exposure to international milieu on fiscal decentralisation -Intensive training seminar on fiscal decentralisation in USA -Input from CDRI DAC	-Research capacity on fiscal decentralisation built to the level of senior research capacity or above.

### 4.6.4 Service delivery and poverty reduction

This study will be developed on completion of the decentralisation design study. The design of the service delivery and poverty reduction study may constructively be done in close collaboration with researchers with long international experience in this field. This process will start in early 2004. Several ongoing processes in Cambodia will inform the selection of study area and possibly also the design of the approach. The socio-economic household survey to be carried out by the National Institute of Statistics in 2004 is currently being pilot tested in Cambodia. Furthermore, the socio-economics effects of the Seila programmes funded by the Commune/Sangkat Fund (including the former Local Development Fund) is currently being addressed by a team of consultants. The report is expected in August 2003. The study itself as well as the selection of study areas will also be informed by CDRI's study on food security<sup>27</sup>.

Also, in addition to these two studies, the CDRI is in the process of developing the ToR for a study on "The Evolution of Democratic Processes and Conflict Management Practice as Viewed through Three Cambodian Elections". This study will take place in July-August with consultant input, and is a follow-up of the CDRI study on "The Nature and Causes of Conflict in the 1998 Election" which was conducted in 1999.

<sup>27</sup> See Murshid, K.A.S. 1998. *Food security in an Asian Transitional Economy: The Cambodian Experience*. CDRI Working Paper No. 6. CDRI/UNRISD; Chan, S. and S. Acharya. 2002. *Facing the Challenge of Rural Livelihoods: A Perspective from Nine Villages in Cambodia*. CDRI Working Paper No. 25.

## 4.7 Methodology

### Discussing dichotomies

In the process of drafting the current ToR, several vital issues had to be decided upon. The following presents the major dichotomies that appeared during the discussion process:

- *Monitoring progress or providing analysis for longer-term understanding of the decentralisation process:* In the attempt to provide policy-oriented research, early drafts of the research design were focused more towards monitoring aspects of the decentralisation process. Although this type of information will be useful to some actors, it was decided that the role of the research programme should be more tilted towards providing information that would help stakeholders to understand the underlying dynamics and the process of change, and that this information would be useful to policy makers. The team has tried to strike the middle way, focusing on current relevant processes but avoiding getting into an assessment of how far the decentralisation process has come.
- *Hypothesis or letting the field rule:* Based on experience from other countries<sup>28</sup> it seemed one relevant option could be to base the research on hypothesis. However, the dynamics of change are likely to be better captured by a realist approach whereby the experiences in the field guide the approach. Furthermore, to approach the fieldwork with already formulated hypotheses on decentralisation and poverty reduction might bias the research towards the stereotyped view that the political culture relating to the legacy of violence, distrust, the overruling of the small, etc. would determine the process and outcome of the decentralisation process. Choosing the second option, i.e. allowing the experiences in the field to guide the study would provide an opportunity to challenge this stereotyped view. The danger with this approach, however, is that it might render the research unstructured and open for opinionated analysis, and hence rule out the possibility for comparative analysis. In an attempt to avoid this, the approach will be two-step: First, there will be a pilot phase with research carried out with a very limited set of stakeholders at all levels of government and with donors, NGOs and local private sector representatives, where the topics listed above will be addressed. The methodology will be an interview guide approach. The aim is to get impressions of the processes, which can guide the second step. This second step is the development of semi-structured interview guides, which can be used for the larger part of the research.

Based on the comparative analysis of the data gathered through this process, the team will attempt to develop indicators that can be used by the government, donors and the commune itself in assessing transparency and accountability of council activities (and to some extent activities of other institutions, limited to the flow of funds), as well as ownership and maintenance/follow up of investment projects in the communes.

- *Quick output or capturing change over time:* The research programme will face the dilemma of producing quick output versus that of being able to study change over time. This dilemma could be solved by a two-step procedure: first, by producing CDRI Working Papers based on the results at that particular time, as well as policy briefs and seminar presentations to establish and maintain an ongoing dialogue with the government. Second, carrying out a minor follow up study (for instance on who benefit from the commune development projects) with similar methods as in the major study at a later point in time (for instance after two years). The findings may illustrate change in time. This would be very useful information for stakeholders e.g. on the development of the commune investment, and it would also generate relevant information that could provide a basis for the writing of an article for an international publication.

### Discussing ownership

The programme emphasises the need for the process and its results to become entrenched into the government in order to ensure a greater possibility of application of findings. Ownership by government will be addressed in the following manners:

- By including seconded government staff in the research process at relevant stages

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<sup>28</sup> Draft paper to be presented at the Inception Seminar on March 27 2003

- By including government staff in the Decentralisation Advisory Committee (DAC) (described above)
- By ensuring increased discussions with the units where research will be operationalised.
- By continuous dialogue with the stakeholders (as materialised so far by the Inception Seminar in March 2003 and the Annual Seminar for Municipal and Provincial Leaders in May 2003).

#### Discussing selection criteria

Discussion of selection criteria has focused on two major issues. One is whether to base the criteria on the so-called *typical selection criteria*. These criteria would then be provincial features such as old Seila/new Seila provinces, geographical variation, accessibility, economic and political variations, historical background, government interest in the area, minority groups in the area, etc. The other criteria would be the so-called *strategically situated criteria*. These criteria would base the selection on criteria such as success in management, problems of tax collection, lack of capacity, etc. The challenge of choosing strategically situated cases is to ensure that the micro cosmos presented represent a bigger whole. In order to defend this, one would need to argue what characterises the bigger whole and how the micro cosmos (village or commune) represent this.

It is far easier to use the first group of criteria, as it is more objective than the second group of criteria. However, it may be argued that by using such technical criteria many of the interesting aspects of the reform may not surface.

As a starting point, the team will use the typical selection criteria for the decentralisation design study. With more familiarisation to the field, criteria for developing strategically situated cases will be developed to allow for such selection criteria for the fiscal decentralisation study and the local government performance and responsiveness study.

#### Presenting methodology

The team aims at methodological triangulation, mainly of qualitative research methodology. Quantifiable data will be collected to as great extent as possible, particularly for the fiscal decentralisation study. The studies will be piloted by the interview guide technique before more structured approaches are developed. The pilot study indicated that the most fruitful interview were semi-structured interviews with one or a very few number of respondents. Interview with focus groups were only useful in non-hierarchical settings, such as with a group of vendors. In focus group interviews with a commune council or a group of employees, the highest-ranking person would always take charge and respond to all questions. Questions could of course be directed at others present, but the respondent would not feel very comfortable and hence was not very likely to respond openly. In-depth interviews with one interviewee were very useful and constructive.

The pilot also showed that time is an incredible crucial factor to consider when one is discussing relatively sensitive issues. The team had little problems getting valuable information once we spent quite some time explaining the purpose of the study, who we were and what the study would be used for. We also emphasised the confidentiality aspect and that this study was part of a broader approach that would cover also other villages and provinces. The actual interview was also quite time consuming considering all the follow-up questions necessary to get deep into an issue. Misunderstandings are also frequent, not only between the interviewer and the translator but also between the respondent and the translator. Hence, repetition of answers and a continuous feedback was needed, and this proved useful in detecting misunderstandings along the way. PORDEC will continuously look for other possible research methods but is not very optimistic that larger teams of research assistants could get deep into these issues, due to their sensitivity. The interviewer needs to be quite well informed about processes and procedures in order to know what special follow up questions to ask. Research assistants can be trained to carry out a survey related job and structured interviews, but not on the topics itself to any level where that kind of follow up would be feasible.

The decentralisation design study will also be a scoping study for decisions on what particular indicators that would be relevant to develop. This is most useful for the fiscal decentralisation study and the local government performance & responsiveness study.

More details are provided for each of the suggested studies.

## Appendix I Terms of References for PORDEC studies

1. Decentralisation Design
2. Local Government Performance and Responsiveness
3. Fiscal Decentralisation
4. Service Delivery and Poverty Reduction (a brief, to be developed later)

The two first studies (i.e. the Decentralisation Design study and the Local Government Performance study) were presented and discussed in great detail at the Inception Seminar on March 27 2003. The Decentralisation Design study was piloted in April 2003. This has pushed forward the process of narrowing and scaling down the research approach. Therefore, the ToRs presented below are therefore revised from those presented at the Inception Seminar.

## Terms of Reference for a study on the Decentralisation Design

Time Frame: February-December 2003  
Output Working paper December 2003

### Background

The decentralisation process is now one year in motion since the local government elections in February 2002. A comprehensive support system at all levels of government has been established through the Seila programme, and this support system now reaches all the provinces. It is based on several years of testing during the CARERE/Seila process. This support system aims at assisting the Royal Government of Cambodia to address the aims of the reform, which is the promotion of a pluralist participatory democracy and poverty reduction<sup>29</sup>.

Experiences from elsewhere in the world<sup>30</sup> indicate that the effect of decentralised reforms on poverty reduction depends on the actual management of the reform as well as on the central-local relations, i.e. the relation between levels of government and other institutions. So far, no comprehensive analysis is available on the institutional relations, divisions of roles and responsibilities, government ownership, and challenges of the ongoing reform as perceived at the various levels of government, as well as among donors and NGOs. The Decentralisation Design Study aims at 'taking the temperature' of the ongoing reform, with a special focus on the level of implementation. The policy relevance of this study lies in its potential to give input and recommendations that may improve the management of the reform. It should be noted that there are ongoing discussions of the opportunities to look at effectiveness of the election system on local government accountability as part of the decentralisation design study. This aspect might be more clearly spelled out during the implementation of the current study<sup>31</sup>.

The decentralisation design study aims at looking at the relations *between* levels of government. Issues related to collaboration *within and between* institutions at the *local* level are dealt with by the local government performance and responsiveness study (see further below).

### Aim of Study

The aim of the study is to analyse the regulatory framework and the internal coherence of the reform.

### Objective of Study

The objective of this study is to identify strengths, weaknesses and key challenges of the ongoing reform process with the aim to support the government's decentralisation process through an identification and analysis of roles, responsibilities and relations between different levels of government and other stakeholders.

### Policy relevance

The policy relevance of this study will be in its information and analysis on institutional overlap/gaps, parallel activities, unsustainable functions, and potential undermining of local government.

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<sup>29</sup> National Poverty Reduction Strategy 2003-2005. Council of Social Development.

<sup>30</sup> Crook, R. and S. Sverrisson. 1999. To what extent can decentralised forms of governance enhance the development of pro-poor policies and improve poverty-alleviation outcomes?

<sup>31</sup> Reference is made to CDRI DAC meeting June 6 2003 and meeting with DFID June 24, 2003.

## Scope of Work

The study will look at two levels; i.e. (i) the national policy level, and (ii) the central-local relations.

### I National level

- *Analyse the coherence between the decentralisation process and the overarching regulatory framework (GAP, PRSP, SEDPII, the Election Law on Commune/Sangkat Councils, and the Law on Administration and Management of the Commune/Sangkat Councils).*

What is the coherence or inconsistency between GAP, PRSP, SEDPII, and the Election Law on the Commune/Sangkat Council, the Law on Administration and Management of Commune/Sangkat Council and other relevant laws, and what type of amendment may be required to enhance consistency of the regulatory framework?<sup>32</sup>

What are the main challenges faced by the decentralisation process in the planning and implementation of the programme, what are the policy needs and remaining gaps, what are the strengths and weaknesses in the policy environment (related to e.g. vision/strategy for the decentralisation reform, bureaucratic hindrances, and ownership of the decentralisation process)?

### II Central-local relations

- *Analyse how the design itself intend to achieve the aims of the decentralisation, including the strengths and weaknesses of the institutional structures in terms of delivering support to other levels.*

The central-local relations will look at the social and political dynamics underlying the current challenges in the planning and implementation of the reform by concentrating on four major issues:

#### 1 Political commitment

- Analyse challenges of interaction and implementation faced by inter-ministerial committees (NCSC, CAR), MOI, MEF, line ministries, the Seila Task Force, donors, NGOs, Provincial/Municipal government, District authorities, Commune Sangkat Councils, and village level institutions. Has the ongoing process of decentralisation the opportunity to build capacity and trust to overcome the stereotype perception of the Cambodian political culture (as hampered by the legacy of violence and distrust)?

*Overall research questions:*

-What are the challenges faced by the different institutions in implementation of the reform (clarity of roles/responsibilities, relation between actors, collaboration with other institutions, support structure, clear legal framework and sub decrees, etc.)

-what are the major gaps and how can these be addressed?

#### 2 Funds<sup>33</sup>

- *Analyse the sources of revenue and flow of funds from central to local governments*

*Overall research questions:*

What different categories of funds do the Commune/Sangkat Councils receive, from whom, how much, how often, what are the challenges involved in getting access to the funds, and what are the procedures by which these funds actually are accessed? To what extent are the councillors and the constituency aware of the allocations to the commune?

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<sup>32</sup> The legal part of this scope is outsourced to local consultants. A second draft is due May 22 for peer reviewing by an international consultant. Furthermore, DANIDA has initiated a legal review of the land law in relation to the role of the C/S Councils.

<sup>33</sup> This part is a scoping study for the Fiscal Decentralisation Study

Which actors/projects operate outside the Commune Development Plan and what is the budget of these projects?

What type of taxes are currently being collected by the district at the village level and what do this amount to in % of the C/S Fund allocations?

To what extent do the commune councils have capacity to formulate their budget?

How is the procurement process managed, by whom, and what are the major challenges faced by the commune councils?

### 3 Local-local relations: communication and training

- *Analyse the extent to which the capacity building programmes and the structural support provided by ExCom institutions and NGOs and how other vertical and horizontal collaboration enable the councillors to carry out their duties*

What is the level of education of commune councillors, of the ExCom support staff (TSS, PFT and DFT<sup>34</sup>) and of the potential district support staff?

What type of training has the C/S councillors and provincial and district support staff received and what are major capacity needs?

What type of support does the commune councils demand from higher levels of government? Do they get the right/adequate support from higher levels of government to allow them to carry out their duties?

To what extent do the commune councillors participate in monitoring and following-up of commune investment projects?

#### Horizontal and vertical communication:

To what extent do commune councils make decisions themselves on issues within their authority?

How is the institutional support for the commune organised and what are the major challenges?

What are the means of communication and information sharing between the provincial/district level and the commune?

What challenges do the C/S Councils face in terms of reporting procedures?

To what extent do the communes communicate and collaborate with other communes, and has this collaboration resulted in concrete development projects or useful exchange of experience?

#### Local-local collaboration:

What sort of communication channels does the commune use to inform the villagers, and which issues are addressed?

What are the main positive developments, challenges and changes in the relation between local actors?

What are the mechanisms by which commune councillors build up trust among their constituencies?

## Methodology

For the Decentralisation Design study, CDRI has decided to go by the typical selection criteria, as it would be premature for the team to select the strategically situated cases. The team would then aim at selecting strategically situated cases for the longitudinal studies.

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<sup>34</sup> Technical Support Staff (assist the communes with feasibility studies and procurement), Provincial Facilitator Team and District Facilitator Team (carry out the training of the C/S Councillors).

For the Decentralisation Design Study, the following provinces has been selected:

1. Siem Reap and Battambang province (2 communes and 2 villages in each province), these provinces were also studied for previous CDRI's programmes and therefore they have accumulated quite a lot of information and database. Moreover, they are a representative the old Seila and pilot provinces for many NGOs' experimental projects locating in the Northwest and forest zone section, providing both urban and rural areas carrying lots of challenges including economic development, border issues, natural resources management, and the left over of the civil war memories. *Battambang Province has been selected for the pilot study.* The reason for selecting Battambang is that previous research has brought interesting dynamics of change to the surface and a pilot in Battambang may therefore help ensuring that the team is able to grasp these dynamics in the broader study.
2. Kompong Cham (2 communes and two villages), this province is most accessible with rich natural resources and actively engages in trading activities both within and outside the countries, especially the neighbouring country--Vietnam. It has been chosen to experiment Seila programme for 3 years.
3. Kampot (2 communes and 2 villages), this province has not been introduced to Seila programme until 2002, but was exposed to several programmes within the reform process supported by GTZ; it is also one of the provinces that has active political involvement among different parties. The area is fairly well off considering its natural resources and trading activities.
4. Kompong Speu (2 communes and 2 villages), its location is within reach from Phnom Penh; however, it seems to lack exposure to activities of non-governmental organisations and less involved in trading activities except rice farming. Kompong Speu was chosen as a Seila province in June 2002.
5. Takeo (2 communes and 2 villages), these places are the centre of most activities in the country with resources and other businesses involvement. Takeo was chosen as a new Seila province in 2001, and also has Prasak programmes coverage all over the province. Phnom Penh is newly exposed to Seila programme in early 2003.
6. Pailin (2 communes and 2 villages). Pailin is a former Khmer Rouge stronghold. Due to its quite recent integration into the government (1996) the legacies of war may be more prominent here than other places. It has extensive border trading with Thailand and is rich in natural resources.

#### Discussing research methodology

The analysis of the documents is mainly a desk study. Several semi-structured interviews have already taken place with key stakeholders in central government and among some donors to help narrow down the approach.

The fieldwork/interview process can be classified into two phases. The first pilot phase involves developing and testing an interview guide. During this phase, the team will be working together to build a common understanding of what the crucial issues are and hence the approach to address them. The second phase will be devoted to semi-structured interviews with key stakeholders at all levels of government and with local people. Structures questionnaires will be used to gather some selected information, such as on educational levels, training and skills development.

For overall methodological considerations relating to all studies, please refer to sub-chapter 4.7 above.

#### Output

Some very preliminary impression from the pilot study was presented at the Annual Seminar for provincial and Municipal Leader arranged in Phnom Penh 12-14 May 2003 by CDRI in collaboration with the Ministry of Interior. CDRI plans to arrange a mini discussion seminar in September to address initial findings. The timing will coincide with the presence of Dr Joakim Ojendal, CDRI Mentor, who will be in Cambodia at that time. A Working Paper and Policy Brief are scheduled for December 2003.

## Terms of Reference for a Study on Local Government Performance & Responsiveness<sup>35</sup>

Time Frame	October 2003-December 2005
Output	Working Paper December 2004 Policy Brief December 2004 Input to Book on 'Dynamics of Change' 2006

### Background

Cambodia embraces decentralisation as a process. With the commune election in February 2002, the locally elected councils, in collaboration with village level institution and residents, are supposed to ensure that local level planning and implementation increasingly addresses the needs of the poor. The decentralisation process therefore involves political change characterised by autonomous local government, and a process of economic change characterised by viable local communities with their own funds. The momentum of this process of change, however, in the domestic political institutions remains slow, particularly in the local level. Nonetheless, the political decentralisation anticipates democratic political progress in Cambodia and might hold the premises for both the deepening of democracy and the addressing of various development problems<sup>36</sup>. There are fundamental future steps to pursue including responsibility and task of all authorities involved, hierarchy of the governance structure, and financial transparency. On the commune level, it is anticipated that the new governance system would bring strengthening of the institutional framework, especially between the state and society; effective local authorities with political participation and representation; and accountable local leaders whom the community trusts; and finally, improved governance leading to poverty reduction.

In a post-conflict society like Cambodia, who has only recently taken the steps towards democratisation, the move towards decentralization by the “learning by doing” approach allows the government to be flexible in its response to the challenges that may be encountered along the way. Although decentralised governance aims to bring decision-making closer to the people, there seem to be great disparities between the elite and the broader segments of the population, and between urban and rural people<sup>37</sup>. Decentralisation may, at least theoretically, bridge the state-society gap by involving people in decision-making. In this way, the dynamics of change would be enhanced towards increasingly addressing the broader segments of society. Hence, the decentralisation process in Cambodia, as elsewhere, challenges the political culture of decisions being made by the few.

The meeting between the traditional and modern ways of making decisions materialises in the new way of planning and making decisions that is embedded in the Cambodian decentralisation process, namely by village level planning and prioritisation. In decentralised systems, decisions are supposed to increasingly be made in the public, rather than the private domain, and 'patron-client' relationships<sup>38</sup> and decision-making processes are expected to gradually vanish or be dominated by majority opinion. However, in the Cambodian Buddhist society it is pertinent to seek an understanding of the changing dynamics of the political culture in the meeting between different modes of making decisions; from the interpersonal relationships relying more on spiritual and kinship ties and mutual exchange, to the technical relations between levels of government. As it alters local level institutions, decentralisation processes also alter and relinquish the structure of governance at the local level with one clear purpose: that these changes shall enhance empowerment and development at the local level with the aim of reducing poverty.

<sup>35</sup> Responsiveness deals with the congruence between community preferences and public policies and implementation

<sup>36</sup> Ojendal, J. 2001 *Changing State-Civil Society Relations in Cambodia: Decentralisation as a Political Commodity*. Gotenborg University, Sweden: Center for Asian Studies, Un-published.

<sup>37</sup> UNDP 2003. *The Macro-economics of Poverty Reduction in Cambodia*.

<sup>38</sup> Eisenstadt, S.N and Roniger, L (1984), *Patrons, Clients and Friends: Interpersonal Relations and the Structure of Trust in Society*. London: Cambridge University Press

It should be noted that, following the completion of the Decentralisation Design study presented above, the ToR for the local government performance and responsiveness study will be further edited.

### **Aim of Study**

The aim of this study is to analyse how demand is articulated in the planning processes and how the Commune/Sangkat Councils respond to this demand.

### **Objective of Study**

The objective of this study is to provide an analysis of the challenges embedded in council performance and identify to what extent and what the success criteria would be for the Commune/Sangkat councils to be pro-poor in its response to the electorate.

### **Policy Relevance**

The policy relevance of this study is identification of success criteria for best performance and pro-poor responsiveness of the Commune Councils.

### **Scope of Work**

#### I. Institutional performance<sup>39</sup>

*Analysis of the various functions exercised by the commune councils in relationship with their constituents and civil society.*

- Is constituency representation upheld in the C/S Councils (gender, wealth, ethnic and geographical representation)? If not, what are the major challenges hindering this?
  - What is the role and responsibility of female councils? how do they handle work with many of their male counterparts? Are their voices heard and ideas considered?
  - Are the arrangements for the internal institutional organisation well developed (relating to meetings being held and decisions followed up, are internal regulations in place, are bye-laws passed, what is the level of transparency)?
  - What is the internal relationship between councillors and clerks, councillors and police/other service personnel with regard to service delivery? To what extent do the service personnel feel that the commune councillors with the present capacity development programmes would be able to take up management roles relating to devolvement of sector functions?
  - To what extent is the working environment in the commune councils conducive to its work? What type of conflicts seems to be prevalent?
  - What measures of transparency have the commune councils introduced (relating to tax collection, fiscal transfers, investment, contract bidding/awarding process etc.)?
- What are the functions of the Village Development Committees in the different provinces? To what extent do former decision makers compose VDCs?
- What is the character of the relationship between commune councils and local NGOs? To what extent do these institutions collaborate, and what are main challenges for such collaboration?

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<sup>39</sup> Information related to fiscal decentralisation will be derived from the decentralisation design study and the fiscal decentralisation study.

To what extent are laws and regulations implemented at the local level? (Focus on some indicators, e.g. related to gender: are women responsible for women and children affairs, have they established women and children associations?)

-Do the residents exercise their right to observe meetings, what is the challenge for this participation to take place, which debates do the villagers observe?

To what extent do councillors separate between public and private domain for example between kinship, village hood, and friends?

-What could be considered to be success criteria for a vibrating democracy at the Commune/ Sangkat level?

How do councillors achieve political legitimacy locally? Do people know how to build reciprocal relations between the state-society (councillors-electorate)? What do CCs expect in return for their responsibilities, and from whom?

What are major challenges for CCs in terms of meeting the demands?

What is the relationship between the councillors and elites and civil society actors in the community?

In the view of councillors and residents, how can the relationship between the local authority and the people improve (e.g. via voluntary participation and building of a sense of ownership, or in other ways?)?

How does the C/S Councils handle conflicts of interest between political parties?

## II. Responsiveness

*Analysis the extent to which the commune councils respond to the needs articulated during the commune planning process, and the extent to which these are the needs articulated by the poor or by the elite.*

How are commune planning processes organised; how are people informed, who takes part, who are excluded?

Information flow and access to information: What information do people access and how (via councils, NGOs, media, word of mouth, or via other channels?)

-How are local demands articulated in the planning process, and how are those demands being followed up at the C/S level and at the district integration workshop, and to what extent does the commune development investment fund respond to those demands?

-To what extent is the commune database used to identify the needs of the commune, and to what extent do the commune councils differentiate between the identifying needs and setting priorities?

-To what extent is NGO-, party-, and donor projects funded outside the C/S fund included in the Commune Development Plan? What challenges in terms of management and maintenance is embedded in these types of projects.

-What promises did Commune Councillors make during their election campaign, and how do they follow up on their promises to the electorate?

-What could be considered to be success-criteria for the C/S Councils responsiveness to the electorate?

For historical backdrop: How did local authorities handle and solve problems within the village before (relate to different regimes) and after the commune elections? What seem to be characteristic of the new system, and how does it differ from the older systems?

-Who in the commune benefits from the commune council development projects? Who are the decision makers? Elites? NGOs, local authority people?

*A minor follow up study in 2005 will map the location of the commune development projects in order to understand better who benefits most from them.*

A possible in-depth study covering some very few villages, and perhaps with consultant input in 2005, could potentially address:

*The social and political dynamics of the village*

What is the relationship between the appointed Village Chairman and the elected VDC? How has the social and political dynamics of the village changed, have any new actors been empowered/disempowered?

Do villagers feel their participation influence the decision making process in the commune and do they see concrete results of this in terms of prioritised projects?

Has the participatory process that guides the development of the Commune Development Plan been initiated to guide other processes of decision making in the village?

## **Methodology**

The Decentralisation Design study will be an inventory for the ‘responsiveness’ study, i.e. findings in the Decentralisation Design study may lead to alterations in the ToR of the responsiveness study. The methodological discussions above (see sub-chapter 4.7) are relevant also for this current study.

### Discussing selection criteria

Criteria for the selection of villages for the responsiveness study will be developed during the Decentralisation Design study. The responsiveness study will look for strategically situated criteria within the communes addressed by the decentralisation design study as well as the food security studies that CDRI carried out in 1996 and in 2001.

### Discussing research methodology

The study will be piloted with interview guides in order to ensure a grasp of the major issues and include questions that can capture this in the second phase. Following the pilot phase, the approach will be narrowed down. The second phase will be carried out with the use of semi-structured interviews and observations. The research team will also use mapping of location of commune development projects to see whether these locations correspond with the various power bases that exist in the communes. The map will be updated in 2006 to see whether there is increasing correspondence between location of projects and the location of the power bases in the commune. Observation technique will primarily be used for the District Integration Workshop where some selected communes will be followed.

No decision has been made as yet to the number of villages, but a case study approach may be able to cover between five and ten villages.

Respondents will be chosen by random selection in the village. There will also be key stakeholder interviews with the Commune/Sangkat Council, the Village Development Committee, monks, local NGOs, and women’s groups. Based on villagers’ own perceptions of who are the poorest in the village, interviews will be carried out with the poorest members of the village.

## Terms of Reference for a study on Fiscal Decentralisation

Time Frame	January 2004-December 2005
Output	<ul style="list-style-type: none"> <li>-CDRI Working Paper 2004: Analysis of local government revenue potential and expenditure analysis.</li> <li>-Policy Briefs to the RGC.</li> <li>-One CDRI researcher has built capacity to senior research level to undertake analysis and fieldwork of fiscal decentralisation issues.</li> <li>-International network on fiscal decentralisation established</li> <li>-Chapter in the book on <i>Dynamics of Change</i> 2006.</li> </ul>

### Background

Currently, 75<sup>40</sup> transitional and developing countries have embarked on different decentralisation reform processes. These processes involve a various degree of delegation of power and of agency functions to sub national levels of government. Delegation of power to autonomous local government institutions is called 'devolution' or 'political decentralisation'. The local governments are usually elected, downward accountable institutions. They are autonomous but not sovereign. The extent to which devolution in effect is redistribution of power depends on the resources and responsibilities that goes with it. Political decentralisation often goes hand in hand with 'administrative decentralisation' or 'deconcentration', which is distribution of government activities and functions to sub-national levels of government, often to a non-elected provincial or regional authority. These functions are agency functions carried out on behalf of the central government.

For devolution to fully take place, delegation of resources must go along with delegation of functions, and some financial authority is needed to raise local funds for local development investment and service delivery provision. An argument for bringing local government and people closer together is that decentralised decision making has the ability to (i) better match local needs and taste with local reality; (ii) improve accountability between service providers and receivers; and (iii) expand manageability of service delivery programmes and motivate competition. Successful decentralisation requires proper attention to the all these elements of the reform.

Most of the countries presently involved in the decentralisation initiatives recognize the importance of providing financial resources to decentralized institutions and lower levels of government to carry out the responsibility devolved to them. Lack of adequate funding for lower level institutions was the single most important factor that undermined the many decentralisation attempts of the 1970s<sup>41</sup>. Hence it recognises decentralisation as a continuous process of modification reflecting changes in social, political and economic conditions although the ultimate goal of policies and processes that encourage decentralization are frequently an integrated part of initiatives aimed at bringing about poverty alleviation.

If local government is to perform the responsibilities devolved to them, they will need an appropriate level of fiscal resources to cover the costs of providing public goods and services. In other countries, decentralized local revenues would consist of three main sources of local government revenues. First, own revenues are locally generated revenues from tax collections, cost sharing, cost recovery from provision of services, contributions from local people, NGOs, private sector and others. In Indonesia, for example, local government has access to 50 different taxes, albeit 80 percent of its revenues come from two major taxes. The higher capacity the local government has in raising own revenues, the more autonomous its governance from central influence. However, the following challenges are common in most fiscal decentralisation reforms: the extent to which devolution of functions are accompanied by resources from the central government to actually allow the councils to exercise this responsibility; the extent to which the central government is willing to grant power to the councils to collect their own revenues; lack of willingness of local councils to ensure tax

<sup>40</sup> Dillinger, W (1994: 8) *Decentralisation and its implication for urban service delivery* Urban Management Programme Discussion Paper No. 16 (Washington DC: World Bank)

<sup>41</sup> Parker, A (1995) *Decentralisation: The way forward for development* Policy Research Working Paper No. 1475 (Washington DC: World Bank)

collection as it is hugely unpopular; and the challenges in establishing a taxation system than can achieve the desired aims of the fiscal decentralisation.

Second, intergovernmental transfers are sources provided by higher levels of government to fill in the fiscal gap of the local government resulting from the differences between fiscal capacity and needs. These transfers are usually unconditional and conditional grants. Equalisation grants are also common in countries where geographical redistribution of funds is desirable. While conditional grants are geared toward promoting central government development policy and national prioritisation, unconditional grants are open for local government prioritisation of needs.

Third, another local revenue source is borrowing from public or private banks, other financial institutions, bi- and multi-lateral donors. Borrowing is illegal for the local governments in Cambodia.

## Challenges in Cambodia

In Cambodia, the reform process is still at its starting phase, and the fiscal decentralisation process is yet to be designed. After the commune election in February 2002, the commune level was established as a legal entity of the local government. Under the Commune Election Law of 2001 and the Law on Administration and Management of the Commune/Sangkat Councils of 2001, and relevant regulations, commune councils are now granted authority and responsibility of many functions previously held by the central government agencies. As with the first year of operation, the commune councils are empowered to be an autonomous administrative unit and to provide basic service delivery. The current reform is struggling with how to take incremental, realistic steps toward decentralisation of the responsibility of service delivery to local government level. Commune councils are mandated by law to plan and formulate their own budget, allocate their fund to meet the prioritised development projects at the local, levy and collect tax and non-tax revenues, issue and enforce regulations, and deliver local service provisions.

So far commune councils have access to two sources of revenues. One is from the Commune/Sangkat Fund (CSF). The CSF was established by the Sub-decree on the Establishment of the Commune/Sangkat Fund of 2002, and is initially capitalised by internal and external sources made to provincial treasury on formula-based allocations for disbursement to individual communes. The CSF is mainly fund transfers from the central government recurrent revenues and donors' grants. The contribution from RGC budget in FY2002 is \$US 5 million, of 1.2 percent of recurrent domestic revenues.<sup>42</sup> Local government's current source of funds is channelled through the CSF to local government. These funds are government transfers and external grants from donors and NGOs. Other revenue sources assigned such as land and real estate taxes, and user fee charges to cover operation and management cost are currently underdeveloped, and no regulations are issued as yet on who can collect these taxes, or how the amount shall be worked out. Hence, a local revenue collection system based on autonomous local councils is not yet in effect. The minimal local revenues so far collected by the commune, are local fees and charges from stamps and civil registration fees. Commune Councils' capacity and autonomy in the fiscal unit is still limited. In according to the Sub-decree on the Commune Financial Management System of 2002, commune councils have to maintain a balance budget, and do not have the authority to borrow funds from any source.

The main challenges of the current process is first of all a political one in terms of issuing regulations that allows the fiscal decentralisation to take place. Second, current meagre local capacity and limited financial resources to handle new tasks and responsibility assigned to the council needs to be addressed if Cambodia shall have hopes of a successful decentralisation. Experiences from countries undergoing fiscal decentralisation show that without proper delegation of rights and responsibilities from central and to sub-national governments in terms of expenditure and revenue autonomy for the local government to exercise their responsibility, it is very likely that the decentralisation effort fail to capture and provide sufficient power of the local government to meet the demand expressed by the local people.

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<sup>42</sup> World Bank (2002) *Deconcentration and decentralisation in Cambodia*. A Background Report for the Cambodia Public Expenditure Review.

## **Fiscal decentralisation in Cambodia: identified issues and research needs**

Little information relating to fiscal decentralisation in Cambodia is so far available. However, valuable experience and recommendations both in terms of policy issues as well as issues for research have emerged, mainly from donor initiated activities through ADB and the World Bank. Overall, systems and procedures that hinder transparency and enhance upward rather than downward accountability, and issues that are complicated to address by the C/S Council have already been addressed and overall policy recommendations are available. The same can be said about the need to clarify roles and simplify procedures. Research into such issues would therefore not be value added. For the moment, there is need for policy makers and donors to engage in the feasibility for implementing the existing policy advise.

Certain issues seem to require more comprehensive research in order for policies to be developed. The below suggestion are in agreement with suggestions put forward by Paul Smoke in his report to the World Bank (2002). Hence, it is clear that the below suggestions are value added.

1. One the actual flow of funds between various level of government in the context of planning, budgeting and revenue systems.
2. The other is the option for the development of a longer-term C/S Council own revenue system. There is no information available on the potential local revenue through existing formal and informal taxes<sup>43</sup>, which potentially could be available to the council given transparent systems of tax collection. This is essential information for any council planning and should be urgently addressed through research.

CDRI will focus on the two latter aspects.

### **Objective of the research project**

The aim of the study is to provide the RGC and other stakeholders with policy oriented analysis to help bringing the fiscal decentralisation process forward, with the objective to enable the Commune/Sangkat Councils to address service delivery and poverty reduction in a sustainable manner.

### **Relevance of the project**

The relevancy of the project lies in addressing the challenges and opportunities embedded in the actual flow of funds between levels of government, and the local revenue potential. These are all aspects, at various levels, relating to the possibility in the longer term for decentralised governance to be financially viable.

### **Scope of work**

The scope of work would include:

#### Revenue assignments

1. Establish the sources of locally generated revenues, and other funds allocated to the local government from the various levels of governments and external sources.
2. Analyse the revenue potential at the local level through an analysis of current formal and informal user charges and taxes. This will be the first step towards a process for identification of local tax collection potential and a system of user fees charges
3. Analyse the resource mobilisation ability and the revenue performance at Provincial/Municipal level, district level, and at the Commune/Sangkat level

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<sup>43</sup> CDRI's research programme on natural resource management, has through studies on fish trade, resin trade and agricultural competitiveness studied the many informal fees that primary producers are subjected to. These studies are in process and working papers will be available during the second and third quarter of 2003.

4. Analyse the possible new sources for local revenues that the RCG could create to help finance the Commune/Sangkat Council service delivery, with emphasis on the potential revenue sharing (e.g., tax collection, natural resource revenues). This would include an analysis of the extent to which cost recovery is a viable principle for service delivery.
5. Analyse the extent to which commune councils try to create an enabling environment for local private sector investment.

#### Expenditure assignments

1. Analyse transparency and accountability in the flow of funds between various levels of government as well as an analysis of the resource allocation of the provincial /municipal budgets in terms of sector allocation, geographical variations etc.
2. Analyse (in a longer-term perspective) the vertical and horizontal cooperation of relevant government units in terms of expenditure sharing in public service delivery, and the potential for establishing a viable expenditure sharing system in the Cambodian context (cost of service responsibilities).

#### **Methodology**

CDRI will apply two different sets of approaches to the project. One is capacity building of the CDRI researchers. CDRI will ensure that the institutional collaboration enables capacity building through (i) a process of mentoring, (ii) on-the-job training of our researches, and (iii) participation in relevant courses and seminars. The mentoring process will consist of close collaboration, discussions of design, ToR, methodology etc. with the mentor. On-the-job training will take place in two ways; one is sending CDRI researchers to fiscal decentralisation missions elsewhere in the world as trainees, and the other is working hand-in-hand with the mentor on identified stages of the field research process. Relevant courses on fiscal decentralisation have been identified and application for attendance is currently being processed.

The other approach is the set of methodologies to be applied in the actual research. The set of methodologies need to be further developed. The research will be based on both qualitative and quantitative research methodology. While smaller scale quantitative surveys can be employed to address revenue sources, qualitative in-depth studies are needed to address informal and formal taxation. The study will strive to develop indicators, e.g. on resource mobilisation. Furthermore, some case studies on the potential for local generating of revenues and on user fee charges will be conducted at the village level based on selection criteria to be developed.

The study will address key stakeholders at all levels of government and various actors at the local level. Focus groups at the local level of the formal/informal taxation analysis will be traders (to solicit formal and informal taxation of goods), and women groups (to solicit formal and informal user charges on health and education).

#### Further development of the study

This draft ToR for fiscal decentralisation study is not a conclusive product. CDRI will arrange for a consultative meeting as soon as appropriate with relevant actors within the field of fiscal decentralisation to discuss relevant issues the draft ToR and to start the process of designing an appropriate methodology for the research. The study plans to proceed in 2004, hence these pending issues must be addressed and finalised by the end of 2003. The time frame for the research project is two years starting from January 2004.

## Overall issues to be addressed by the study on Service Delivery and Poverty Reduction

As the aim of the decentralisation reform is poverty reduction through increased investment and improved access to services, PORDEC will develop a TOR for a study to cover this topic. Two ongoing processes will be used as baseline information before this study is developed: one is the Seila study on socio-economic impact of the commune investment projects which is currently being undertaken by consultants; and the other is the socio-economic household survey to be carried out by the National Institute of Statistics (NIS) in 2004. PORDEC therefore plans to develop the TOR for the study on service delivery and poverty reduction during the first quarter of 2004. The selection of cases will be based both on random typical selection criteria and some strategically situated cases drawn from the local government performance and responsiveness study and from the food security studies that CDRI carried out in 1996 and 2001.

The PORDEC study on poverty reduction will relate poverty issues to the decentralisation reform and address:

- (i) Reduction of *functional poverty* (such access to services, improvement of living conditions as a result of investment and job creation in the commune, taxation ploughed into service delivery, etc.), and
- (ii) Reduction of *structural poverty* (empowerment, reduction of fear and intimidation, improved literacy rate, education and training etc.).

## Appendix II List of comments received to draft ToR during the Inception Seminar

Below is a summary of the comments that were received by the PORDEC team during the Inception Seminar on March 27 2003. Each of these comments have been considered and, if relevant, included in the ToR.

### Comments and Questions from plenary discussion on the Terms of Reference for s Study on Local Government Performance and Responsiveness

- Group participants: DFID, Permanent Advisory Group/PLG, NGO representatives, DoLA, PLG from Battambang, and Logos.

There are two parts of the discussion: 1) Comment on Responsiveness and 2) Comment on Research Methods

#### 1) Comment on Responsiveness

- A comment from the permanent advisory team of PLG, he suggested in order to deepen this qualitative research, one must conduct a short study on historical background of the villages or communes and how is it related the current socio-political phenomena.
- Research theme should be focused on: how do people access to information from various authorities for example via NGOs or word of mouth, media, broadcast media...and the general information flow.
- It would be worthy to look at a comparative aspect of the authentic structure of decentralization, which occurred in this society for many years in the past and compared it to the present decentralization process in Cambodia.
- A specific question should be in gender, role and responsibility of female councillors.
- **Institutional performance:** focus on internal activity of CC, especially between the interaction of clerk and C/S councillors, with police, administration police, relationship between C/S councillors and people in terms of service delivery and responsibility of each side.
- It would be crucial if we can focus on the activity of NGOs in the communes relevant to CCs, success and failure cases, why.
- How CCs could response to the demands of villagers, we know that each CC gets different amount of money from CSF and the natural resources from one CC to another are varied, this also links to responsiveness.
- Look at the source of money that CC could get for example NGOs and donations from different people, how many proposals do CC get out of which how many are actually implemented. This shows the role and responsibility of the CCs.
- For institutional set up: whether VDC has the capacity in financial management or not.
- The role of female CCs, they might have different desire for development, whether their voices are considered or not, how female CCs deal with the majority of the male counterparts.
- Each political party member had promised to build roads and other infrastructure, currently when CCs get development fund, may be CCs try to do something only for their promise.
- Whether laws and regulations from the national level are suitable in the actual implementation in CC, for example the laws say each CC must have children and women association; does this exist so far or not? This is related to institutional performance and responsiveness. Whether laws and regulations are well articulated, especially by the trainers from the national and provincial authorities.
- As we all know, Cambodia society is hierarchy, with patron-client relation embedded in kinship network and political patronage system, for your research how can you handle this issue with regards to decentralization between private and public domain. Decentralization is new for this society. This might be a real challenge between the state and society.
- For capacity building, what kind of training is urgently needed for short term, medium term, and long term? Who is the real decision- maker, NGOs or someone who has money and power?
- Is district integration workshop work? And reflect responsiveness of people, who really having power and resources to meet the demands of people, NGOs, CCs, line departments...?

- Information flow is very critical for villagers, how much information is credible or just informed by the authorities; we need to have real credible information disseminated to people.
- The outcome of capacity building is anticipated differently from one place to another, we have to look at the quality of training, is it suitable to the locals, the capacity of the trainers, all training is consistent to one another?
- Having CCs to understand their role and responsibility is very sustainable for the sake of decentralization in Cambodia, but many CCs are working for their political party and their loyalty is for the central party, this something that we need to address. For example: some CCs from the same party creates sub-committees in the Commune Red Cross...so that they get money directly from the party, they by pass the commune councillors...
- Among many Councillors may be only a few are popular, why and how? Education, party line, money, kinship network (some councillors have been respected for many generations because their parents were local elites...)
- We also the cooperation from NGOs in the commune, some NGOs are just working separately from CCs, with whom do people go to consult with NGOs, CCs for example before the elections, how do we build a sense of ownership for villagers and participation.

## 2. Research Methods

- How to choose the village study for example between quantitative and qualitative study, you will conduct an in depth study of using anthropology research?
- This is a suggestion, some communes have many development activities, sponsored by NGOs and UN (Village Action Plan by UNICEF), and this would be good for selecting research sites to look at the relationship of NGOs to CC.
- Each area might have different resources and adaptive strategies, ethnic, security. How you balance this?
- If you look at the ToR of this research, how many skilled researchers in CDRI can conduct this research? Will you select a certain topics for an in depth study.
- The distance of village to commune and urban town should be considered, some villages do not have their people to be the commune councillors, what is the different in terms of information flow?
- Fieldwork must be considerably reasonable for example if you want to interview the poor people, they might not be available for they day time since they go to the fields, what season should you carry out fieldwork.
- It would be good if researchers can build a long-term relationship with a number of communes to deepen the research outputs.
- Field research must be commensurate to the skills and knowledge of researchers.
- You just do a scooping study or case study, how you do it with limited human resources available?

## **Comments and Questions from working group discussions on the Terms of Reference for the Study on Decentralisation Design**

Group participants: DFID, JICA, Seila Permanent Advisory Team, Seila, Governor from Kampong Speu, Silaka (NGO), PLG Siem Riep, PLG Kampong Chnang, International freelance consultant, Ministry of Rural Development.

### I. Overall Design

1. Structure the programmes/projects into themes that can be studied under one big programme, with sequential priority. By doing this the research will be able to track and capture changes over time, a longitudinal studies.
2. Set our objectives a long the line with the Government's objectives of decentralisation programme. By doing this we can point out policy implication to achieve those objectives.

3. Policy implication should clearly pin point how the design intend to achieve those objectives (e.g. poverty reduction). And how to link objectives and government policy.
4. Research collaboration with other institutions (including government staff)/organisations over the course of the decentralisation process.
5. How do we address the issue of engagement and ownership of the process from the government officials?

## II. Decentralisation Design

1. Spell out clearly the issue on institutional set up--roles and responsibilities of different institutions and levels of government
2. Further address issues on fiscal decentralisation for our studies
3. Do we frame our research under poverty reduction context? We need to look at other issues like design, process, approach, and institutional framework of decentralisation from other countries that are applicable to Cambodia
4. Have decentralisation empowered/improved participation, transparency, accountability, ownership and empowerment process? How do we address these issues?
5. Fieldwork selection criteria should include: 1) remote area (no NGOs work there); and 2) good and not-good performance based province/commune--this will allow province/commune to learn from one another.
6. Will this research address issue on natural resource management?

## Appendix III PORDEC's response to the major comments received during the Inception Seminar

PORDEC held its Inception Seminar on March 27th 2003 at Sunway Hotel in Phnom Penh. The purpose of the seminar was to discuss CDRI's agenda for the policy oriented research programme activities on decentralisation in 2003. The output was input from invited stakeholders to the draft research questions and methodology. The Inception seminar drew 85 participants across the range of stakeholders and 2/3 of the participants remained throughout the day for detailed afternoon working-group discussions. Two studies were presented, one called Decentralisation Design and the other called Local Government Performance and Responsiveness. PORDEC received constructive and valuable input. The input can be divided into two major categories (i) Overall issues related to the organisation of the research themes, and (ii) suggestions related to research questions and methodology. The input is presented below and includes (in italics) how PORDEC aims at addressing the issues raised. The planned studies are explained in more details further below. The Inception Report, which follows in May 2003, contains the detailed ToR for these studies.

First, the overall issues raised were:

- A request for a clearer identification of policy relevance of the identified studies;  
*This is what PORDEC has done: Each edited ToR spells out more clearly the policy relevance. To further ensure relevance, PORDEC has had follow up discussions with the MOI to identify time line and priorities of the government. The MOI has presented a draft time line and activity plan to NCSC<sup>44</sup>, but it is not yet adopted. The MOI anticipates this process to be finalised after the election.*
- A request for longer- rather than shorter-term studies;  
*This is what PORDEC has done: The initially shorter terms studies has been redesigned to cover a longer period, up to 2-3 years. This goes for the local governance responsiveness study and the study on fiscal decentralisation. As the decentralisation design study is a kick off study to get overview of challenges related to the management of the reform and central-local relations, this will be a shorter-term study to be carried out in year 2003 only. Important issues to follow up that may be identified during the research process can be addressed later during the programme period. The challenge of this approach, however, is the capacity of CDRI to manage several parallel and complicated studies with meagre human resources. CDRI will make use of mentor capacity to help address this challenge.*
- A request for a clearer identification of government ownership to the policy oriented research process.  
*This is what PORDEC will do: PORDEC plans to include seconded government staff in its studies. However, due to the importance of ensuring independent and objective research, the topics and phase for seconded government involvement must be chosen carefully. As a first step, PORDEC plans to meet with the research unit of the MOI. This will be done after the pilot phase of the Decentralisation Design when PORDEC is more clear on what topic and what phase of the research that the seconded government staff should be involved with.*

Second, the main suggestions related to research questions and methodology were:

- Ownership to the decentralisation process, as well as whether participation has led to empowerment, transparency and accountability.  
*PORDEC comments: As part of the Decentralisation Design study, PORDEC addresses ownership to planning and implementation of development projects at various levels of government. Participation and empowerment is already part of the Local Government responsiveness study.*
- Accountability and trust at the council level should be addressed.  
*This is what PORDEC has done: An increased emphasis on measures for accountability has been included in the Decentralisation Design study. This is mainly related to research concrete measures for accountability at the local level. The Local Government Responsiveness study will take a more long-term look at how trust is being built at the local government level.*

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<sup>44</sup> National Committee for Support to the Communes (an interministerial committee)

- Gender balance in the commune should be looked into.  
*PORDEC comments:* This is already included in the Decentralisation Design study, which aims at looking at gender balance and the responsibility allocated to women and men at the council level. In addition to this, the Local Government Responsiveness study will look at more qualitative indicators for empowerment of women in terms of their actual participation and influence in the commune council and at the VDCs<sup>45</sup>.
- The research projects should spell out clearly the institutional set up and the roles and responsibilities of the various institutions and levels of government.  
*PORDEC comments:* These aspects are a vital part of the Decentralisation Design study. Moreover, PORDEC wishes to go a step further and identify to what extent power relations hinder stakeholders in the carrying out of their responsibilities.
- The issues of fiscal decentralisation should be further addressed.  
*This is what PORDEC is doing:* A draft TOR for a study of fiscal decentralisation was developed in March 2003, but was not ready for presentation at the Inception Seminar. This ToR will be finalised during the second quarter of 2003 with input from a scoping process included in the Decentralisation Design Study. The fiscal decentralisation study will be initiated at the end of 2003 with mentor input. A smaller fiscal decentralisation study can be accommodated within the current funding. A more comprehensive study would demand the inclusion of international input and mentoring. This, however, would demand the inclusion of an additional funding partner. PORDEC keeps both options open.
- Do we frame our research under poverty reduction context? There is a need to look at other issues like design, process, approach and institutional framework of decentralisation from other countries that are applicable to Cambodia?  
*PORDEC comments:* PORDEC will link decentralisation to poverty reduction in a study planned for 2004-2006 with the working title 'Service Delivery and Poverty Reduction'. ToR for this study is not yet developed. CDRI aims to look for potential collaboration partners for this study in order to look for opportunities to link it with similar research projects in the region. The process to identify possible partners has however not yet begun and may not start before the end of 2003.
- Fieldwork criteria should be: (i) remote areas where no NGOs work, and (ii) good/not good performance so that provinces/communes can learn from each other.  
*PORDEC comments:* PORDEC has already identified criteria that both addresses geographical variation and more specialized selection criteria such as innovation, initiative etc. These criteria will be further developed during the Decentralisation Design study and will be used as selection criteria for the local government responsiveness study.
- Will the research programme address issues of natural resource management?  
*PORDEC comments:* Only in the context of its role in the commune development plan and as prioritised projects for the C/S Fund.
- The relationship between commune councillors and their parties and obstacles to development posed by this relationship is important to address.  
*PORDEC comments:* This issue will be addressed in the revised ToR for the responsiveness study as an important aspect of the relational power and dynamics of change at the local level.
- The relationship and interaction between the councillors and the clerk, the police, and village residents in general.  
*PORDEC comments:* This aspect is in fact already included in the Decentralisation Design study but may be spelled out more clearly.
- A shorter historical background study on selected villages should be done to deepen the understanding of the current socio-political phenomena.  
*PORDEC comments:* This will be limited to collection of information of previous positions and status of people who currently hold positions in the VDC and Commune Council, and the relation between the Village Chief and the VDC in relation to planning and prioritisation.

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<sup>45</sup> Village Development Committee

- It would be worthy to look at a comparative aspect of the authentic structure of decentralisation, which occurred in this society for many years in the past and compare it to the present decentralisation process.  
*PORDEC comments: This aspect is certainly of great interest to the responsiveness study and useful to the understanding of the dynamics of change. It may however be beyond the capacity of PORDEC to do this, except perhaps in one or two villages. Decisions on this will be made during the fieldwork period.*
- There were several questions related to how the communes responds to demand from the villagers, how NGOs work in relation to the commune, the use of the C/S Fund, etc.  
*PORDEC comments: These are all aspects of the responsiveness study.*
- The programme should look at whether the VDC has capacity for financial management.  
*PORDEC comments: This may eventually be integrated in the fiscal decentralisation study, but until there are regulations authorising tax collection at this level by the local council itself, this aspect will not be given priority.*
- How will the research programme handle the patron-client relationship and the relationship between the public and private domain.  
*PORDEC comments: PORDEC recognise that the working of patron-client relationship may influence prioritisation, project implementation and location of development projects, as well as the participation and ownership per se, in the decentralisation process. Nevertheless, it is vital to approach the field with an open mind to allow for understanding of the dynamics of change. Instead of approaching the fieldwork with a preconceived patron-client idea, we may turn it on the head and ask: is it likely that one of the potential longer-term changes is that the patron-client relations may be altered partly as an effect of decentralisation?*
- The research has to look at the quality and suitability of the training.  
*PORDEC comments: This is a monitoring and evaluation job and not within the mandate of CDRI.*
- CDRI should be looking at why some councillors are popular, is it education, party line, money, and kinship relations?  
*PORDEC comments: It is beyond the capacity of CDRI to meaningfully look into this as such a study would require comprehensive qualitative in-depth case studies. CDRI can look at qualifications in terms of education and training but this may only be one variable of popularity. And what exactly shall this information be used for?*
- Finally, questions were raised in relation to skills of the researchers and possibility of hiring more researchers.  
*PORDEC comments: It is crucial to remember that along with doing policy relevant research, one aim of the programme is also to build capacity among Cambodian researchers. The research programme will allow space for this capacity building to take place at all stages in the research process. This would mean more comprehensive processes and more time than what otherwise would be needed and there is a limit to the number of researchers that fruitfully and effectively can be supervised under the current programme structure.*