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UNITED NATIONS CAPITAL DEVELOPMENT FUND

**CAMBODIAN LOCAL DEVELOPMENT FUND
CMB/97/CO1**

**FINAL EVALUATION
September 1999**

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SUMMARY OF PROJECT EVALUATION

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ABBREVIATIONS AND ACRONYMS

AIT	Asian Institute of Technology
CARERE	Cambodia Area Rehabilitation and Regeneration Project
CDC	Commune Development Committee
CASD	Community Action for Social Development
DDC	District Development Committee
DDF	Decentralized Development Fund
DFT	District Facilitation Team
Ex-Corn	Executive Committee of the PRDC
IFAD	International Fund for Agriculture and Development
ILO	International Labor Organization
IO	International Organization
IPF	Indicative Planning Figure
KPI	Key Performance Indicator
KoC	Kingdom of Cambodia
LCB	Local Capacity Building
LDF	Local Development Fund
LPP	Local Planning Process
LPS	Local Planning System
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoI	Ministry of Interior
MRD	Ministry of Rural Development
NGO	Non-Governmental Organization
PDRD	Provincial Department of Rural Development
PPP	Provincial Planning Process
PRA	Participatory Rural Appraisal
PFT	Provincial Facilitation Team
PRDC	Provincial Rural Development Committee
ProDoc	Project Document
RGC	Royal Government of Cambodia
RRA	Rapid Rural Appraisal
RDS	Rural Development Structure
RGC	Royal Government of Cambodia
TOT	Training of Trainers

TSS	Technical Support Staff
UNCDF	United Nations Capital Development
VDC	Village Development Committee
VDP	Village Development Plan
WFP	World Food Program

EXECUTIVE SUMMARY

I INTRODUCTION A.

Background

The thirty-year period of war and civil strife has left the country's infrastructure in shambles, with secondary roads in constant need of repair, and even main arterial roads are in need of upgrading. To travel from one part of a district to another in the rainy season may take as much as two to three hours. Irrigation structures have been poorly designed and broken down leaving most farmers to depend solely on rainfall for their crops. In addition, crop loss due to drought and flood has become common. Only a small percentage of the population has access to reliable water for domestic use. Schools are in a state of disrepair with leaky roofs and flooded classrooms during the rainy season, and children have problems getting to school because of the poor condition of roads.

The greatest concern is the effect on the capacity of human resources and institutions, the economy, society, culture, religion, and the sense of community. Basic trust between people in villages has even been affected. Most of the educated people were eliminated, died of starvation or left the country. The same fate happened to over 75% of the teachers. These events have had an enormous influence on the process of development as well, and seasoned development workers in Cambodia are adamant in advising that projects often take much longer and require much more effort than in other developing countries.

B, An Overview

The SEILA/CARERE/LDF project has been called "an experiment in decentralized planning and financing of participatory rural development." It is an experiment in restructuring local government institutions, building their capacity, and furthering civil society, while at the same time building infrastructure. It is also a participatory planning process. The Local Development Fund is an important component of the overall project and provides resources for implementation.

The project is a partnership between government (SEILA), CARERE (a project of UNDP), and the Local Development Fund supported by UNCDF and other donors. SEILA is a Royal Government inter-ministerial task force that oversees the project in the five provinces of Battambang, Banteay Meanchey, Siem Reap, Pursat and Ratanakiri. These

five provincial government administrations implement the project, while CARERE is the catalyst that propels the program forward through training, technical support, and management advisory services.

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In short, the project combines a bottom-up/top-down relationship between local government at the base and provincial government at the top. The tangible outputs of the project are rural infrastructure sub-projects, made possible through donor money directed to the Local Development Fund. A participatory Local Planning Process is the connecting thread between outputs and the institutions that implement them.

B. Overall Goals of the Local Development Fund

The overall development objective of the main phase Project Document is as follows:

To alleviate poverty and spread peace in Cambodia by strengthening the bonds linking society to the structures of the State, and empowering the Cambodian rural population to become fully participating members in the development process through decentralized governance.

C. Immediate Objectives

The project is centered on these five immediate objectives:

1. To develop a participatory, demand-driven process of rural development, infrastructure planning and implementation;
2. To fund the construction of priority rural infrastructure projects identified through this participatory process;
3. To augment and institutionalize the capacity of the PRDCs;
4. To augment and institutionalize the capacity of the VDCs and CDCs;
5. To establish incentives for increased internal support for rural infrastructure projects through financial, in-kind, and technical contributions from central government and from local communities, while at the same time developing a sense of "ownership" for the local projects.

C. Attainment of Objectives

As of August 1999, the LDF has supported the establishment of 1,144 locally elected Village Development Committees (VDCs), 134 Commune Development Committees (CDCs), and five Provincial Rural Development Committees (PRDCs), five Secretariats and five Ex-Com Committees, all fully staffed by government civil servants.

Because of the lack of baseline data, it is difficult to measure impact; however, from what the valuation Team (ET) has observed, the project has obtained the above objectives beyond expectations. Projects are, on the whole, being completed in a satisfactory manner in less time than planned; villagers are identifying and prioritizing their needs at

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the grassroots level; and VDCs and CDCs are turning them into viable projects. Provincial government, through the newly established PRDC, Executive Committee, and Secretariat, is establishing these local development bodies and is assisting them in designing and implementing the projects.

The project has developed a financial management system that is providing transparency, good tracking, and accountability. In addition, a Decentralized Development Fund has been established that provides a system for other donors to invest development funds directly from central government to the provinces. The monitoring and evaluation (M & E) of the projects is carried out by technical staff of the government who have also established a bidding process for contractors.

On the whole, local government is different than it was four years ago. Local government institutions have enthusiastically accepted this bottom-up/top-down style of development.. They are actively listening to people in the villages and communes and are engaging them in activities.

There are still many problems, particularly with lack of full village participation in the process. Some people and groups are not engaged and sometimes are not properly informed. Maintenance of completed projects is a big problem. SEILA/CARERE know about this and are actively working to build up a viable system to address this. Capacities are still low compared to other countries, and planning is still in the beginning stages at the CDC and VDC level.

To measure success we compare the accomplishments of the present government with the provincial government of the past. The difference in capacity, participation, inclusion, communication, planning, and implementation are rather remarkable when one realizes that the program has only been operating just a little over three years.

II FINDINGS AND ISSUES

A. Institutions and Capacity Building

The SEILA/CARERE/LDF project experiment has assisted the newly formed local government institutions that have dramatically changed the way development is implemented, and in many respects, the way local government itself operates. These structures provide the framework for the Local Planning Process to function.

One of the most important institutional factors is the large increase in communication from

the villages through every level of government up to the PRDC. People all through the system have been taught to brainstorm, to ask questions, and to state opinions. Higher government bodies are responding through district integration workshops and through technical and facilitation staff, whose roles are to work with the VDCs and CDCs. Communication has also been greatly enhanced between sectors through these

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various structures. Government staff appears to have a much deeper understanding of its roles and responsibilities and seems active and motivated with a feeling of "ownership."

Extensive trainings at all levels have helped this process. In one year alone, 56,245 people (34% women) were trained in 2,200 workshops in such things as planning, problem solving, finance, water and sanitation, agriculture, management, gender, governance, health, infrastructure design, and implementation among other things. Most of this training was for specific job-related functions so they could put the skills learned into practice. Most important, however, was learning by doing and working with counterparts in CARERE.

One of the biggest advantages of the new system is that funds stay under regularized financial management procedures that are subject to internal and external controls. There are effectively four levels of control, including the Ministry of Economics and Finance auditors, an internal auditor appointed by Governors (more than one?), external auditors who may be appointed by CARERE, and the CARERE PSO financial unit.

B. The Local Planning Process

As of August 1999, SEILA/CARERE/LDF has provided support to 1,144 locally elected Village Development Committees (VDCs), 134 Commune Development Committees (CDCs), and five Provincial Rural Development Committees (PRDCs). Each year as the CDCs and VDCs gain experience in implementing the process, they demonstrate added maturity in needs assessment, planning, and implementing projects, indicating that Cambodia has gained acceptance as a viable model for decentralized rural development with possibilities for replication nationwide.

The rural development structure promotes participation planning to an extent never before experienced in rural Cambodia. It literally starts at the village and works its way to the top of provincial government and then back again. To ensure this participation, dialogue and accountability, the LPP is necessarily complex. The experimental nature of the program requires that the process be continuously adjusted. Each year, program staff have reviewed the process and simplified it, using input from all levels and from external evaluators.

The LPP is also working as a mechanism for planning and coordinating multiple sources of investment in villages and communes, including LDF, sectoral funds, governmental department budgets, and outside support from NGOs. Besides interaction between VDCs, CDCs, and the government, district integration workshops represent a first opportunity for

commune representatives to interact with provincial department officials, to learn about department policies, and to negotiate the use of resources. The workshops promote positive interaction between civil society and government and introduce departments to the concept of responding to public demand.

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The LP's open to other "financial windows" besides SEILA, through the Decentralized Development Fund. This is supported by recent decisions of the Royal Government, IFAD, and the World Bank to capitalize the LDF for new projects.

SELLA management is shifting the focus of the program to the commune level. This makes sense in light of limited resources for individual villages and the expectation of the upcoming commune elections scheduled for the end of the year 2000. 1,600 newly elected Commune Councils will be created by popular vote, and these bodies will be the official administrative units of government, as well as development bodies like the CDCs. The government could request assistance from SEILA/CARERE/LDF in building the capacity of the new Commune Councils. It is also interested in replicating this model into other provinces in Cambodia, and would most certainly call on the project staff for valuable resources.

C. Delivery of Rural Infrastructure

- The sectoral allocation of LDF funds has overwhelmingly favored transportation and irrigation works, and to a lesser extent, school buildings and water and sanitation projects.
- The technical quality of projects in general is good. Of those projects evaluated, over 80% are acceptable, 18% have problems but can be fixed, and only 2% are unacceptable. However, post-completion evaluations are not usually carried out by technical support staff.
- Competitive bidding was introduced in 1999 and is resulting in lower costs and higher quality for projects. Average cost savings compared to estimates range from 6% to 10%.
- The original intent of the allocation process was to use a multicriteria framework that included project cost, number of beneficiaries, priority of problems or needs, cost effectiveness, time frame, local contribution, and sustainability. This framework has proved overly ambitious in the local context and has led to some confusion.
- Allocation methods between provinces involve various combinations of poverty indicators and population. Some of these indicators are almost certainly colinear and therefore do not all need to be included. Others are poor proxies for poverty, such as the number of children attending school, which is also strongly affected by transportation problems. Using the percentages of female-headed households and poor housing may be adequate, but further statistical analysis is required to make a recommendation.
- The discretion available to PRDCs has led to wide variation in the amounts granted to communes, in some cases double or half the average amount over a three year funding

cycle.

- There is widespread agreement that simple criteria for allocation from communes to villages work best and are most likely to be applied consistently. Within communes, a simple weighting by population may be sufficient.

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- The current Monitoring and Evaluation system attempts to achieve several different objectives: monitoring of CARERE work and performance, monitoring of PRDC work and performance, monitoring of the local planning process and outputs, and monitoring of LDF subprojects.
- Data in the commune databases is not updated on a regular basis. This makes

evaluation of socio-economic impacts impossible.

D. Reconciliation Areas

One of the most telling achievements of the SEILA program is the way it responded to the challenge of inclusion of the former Khmer Rouge areas. Rapid trust was built up between these former enemies, provincial staff, and CARERE management and staff, as well as the rapidity in which the VDCs and CDCs were established. It is also remarkable how quickly the people in the Reconciliation Areas "took" to the participatory process of SELLA. Evidence of their enthusiasm was demonstrated by people in the VDCs and VDCs as well as the District Governors and Deputy District Governors. It appears to be a total success.

E. Sustainability

The project is costly, for it not only has to provide staff for capacity building, training, monitoring and evaluation, and management advisory services, it also has to provide salary supplements to government staff, US \$80 per month for provincial level staff and US \$40 per month to district level staff. In addition, motorcycles are provided, as staff constantly travels to the various CDCs and VDCs. This raises great debates about the sustainability of the project. It is perhaps the biggest issue of the project.

There are several key elements that provide a great deal of sustainability to the project:

- A new decentralized rural development structure is effectively providing, on the whole, good quality infrastructure throughout its target areas.
- Provincial administrations, through the PRDC and its other bodies, are continuing to build the capacity necessary to continue this process. National staff in both CARERE and government are increasingly taking its own initiatives and taking over more of the management of the projects. As this process continues, CARERE can reduce its

technical support, training, and catalytic involvement, and take more of an advisory role.

- Already, two of the five Provincial Program Managers resigned, turning the positions over to Cambodians. Next year, the PPM in Siem Reap will step down to be replaced by a Cambodian.

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- Managing rural development is increasingly being taken over by the ExCom; and technical support and facilitation is already provided by the Secretariat.
- CDCs and VDCs are demonstrating the ability to make plans for their communities in a participatory and transparent manner.
- Beneficiaries are consistently making adequate local contribution to all projects.
- The Royal Government of Cambodia has officially recognized the RDS structure, which is directed by SEILA, as the official structure in the five provinces in which SEILA operates.
- The Royal Government of Cambodia funded over \$200,000 in 1999 and is considering \$400,000 to \$500,000 for the year 2,000.
- All local projects implemented by the various ministries in Ratanakiri will require a 10% local contribution, and in Battambang all road projects will require a 20% local contribution.

If, on the other hand, the SEILA/CARERE/LDF project is simply going to be one stand-alone project that eventually needs to be phased out, different strategies need to be addressed. Much of this is dependent on how quickly the RGC moves on the administration reformed and demobilization programs. There is a huge potential of funds related to reducing the civil servants and army personnel, both of which are totally overstaffed. In addition, the new Commune Councils will have taxing powers, and there are considerations for taxing land in provincial and village towns.

The other issue regarding sustainability is the situation in Cambodia. Because it has not only had its infrastructure devastated, but also the last thirty years of civil war has had a tremendous impact on the capacity of human resources and institutions, the economy, society, culture, religion, and the sense of community. Basic trust between people in villages has been affected. Most of the educated people were either eliminated, died of starvation, or left the country. The same fate happened to over 75% of the teachers. This makes the situation in Cambodia unique from most other developing countries, and requires much more time and effort in capacity building, training, technical support and advisory services which is extremely time- and- people intensive and, therefore, expensive.

This is especially true when you are literally changing the way local government operates and delivering vitally needed infrastructure at the same time.

G. Transition Strategies

LDF funding is due to end this year while the SEILA/CARERE project is funded through the year 2000. The project needs LDF funding to take it through the year 2000.

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Year 2000 should be spent consolidating current activities, bringing the main experimental aspects of the local planning program to a close (perhaps offering a series of options within the model). SEILA/CARERE/LDF should decide on how many communes and villages they can practically bring under the LPP and LDF and complete strategic plans with time frames and budgets that address this. It is also important that CARERE take measures to avoid losing staff during the period of uncertainty before another project is signed, namely ensuring that the formulation of the next phase is completed as early in 2000 as possible.

Emphasis in the year 2000 should also focus on building training-of-trainers' capacity within the facilitation teams at the provincial level, on working with the PRDC to establish how best to organize the facilitation workload and supervisory responsibilities, and on developing a clear strategy that will allow the PFTs and DFTs to reduce their role in mature communes.

It is quite conceivable that within three to five years, CARERE could cease to exist, as it is known now. The awkward problem is that money is needed to fund provincial, district, commune and village programs and projects to provide work for the government staff who have been receiving this training and support. The institutional structures are in place and are functioning, and the government staff has the capacity to perform the work, as do the members of the various committees. Funds need to come from donors and eventually from government, otherwise, the institutions that have been established will lack one of the key elements that make their existence meaningful.

Any exit strategies within the next five years will be difficult, particularly if the government wishes to replicate the process in other provinces. However, if the Administration Reform and Demobilization Programs begin to be implemented, funds from those salaries can be channeled into higher salaries for the civil servants that actually work full time. As these funds continue to increase over time, LDF and other funds can be proportionally reduced. In addition, as stated above, government staff is increasingly taking over more responsibility. CARERE can continue to play more of a true consulting role rather than a continuous trainer and support role.

This can also be true if SEILA/CARERE is called upon by government to help other provinces replicate the project. SEILA/CARERE will play a lesser role in their own provinces while sending key staff into other targeted provinces to assist in the establishment of the SELLA program.

If donor funds are reduced sharply over the next few years, and little or no money comes from government, it is likely that the VDCs will not sustain themselves. On the other hand, with the formation of the Commune Councils as administration units of government; it seems likely that they will be sustained. This is particularly true if they are granted taxing powers, which is likely. Government is considering taxing real estate in provinces, districts and even small towns. This, plus a market tax and even some form of income tax for families with large pieces of fertile land, draft animals, etc. could generate income for development.

H. Recommendations

There is a need to emphasize villages and communes doing more self- help projects themselves, but with the technical support of local governments. It should be made clear to CDCs and VDCs from the beginning what the government will do and where their responsibility ends. Village responsibilities should be clearly stated. The allocation process could be altered somewhat to reward villages and communes that initiate and complete projects themselves. This could be done during the second and third cycles. This would perhaps help people to build their sense of community while at the same time developing more of a self-help attitude.

More emphasis could be put on villages seeking outside help or doing more work themselves on projects where LDF allocations were insufficient to cover total costs. For instance, if the allocation for a village was only \$4,000, the project cost \$7,000, and the village wanted it badly enough, they should be encouraged to seek other funds or do more of the work themselves.

From the beginning, there has been much skepticism and criticism from the NGO community about the SEILA/CARERE/LDF project. Many of the NGOs still view the project from the standpoint of "community development" rather than a capacity building, decentralization and local government. There appears to be a strong need to inform the NGO community of the real mission of the project. The ET realizes this is a difficult situation and not easy to correct; however, it is hoped that the project would develop a public relations strategy that will more fully address this issue.

VDCs often do not represent the majority of the people in a village. The members are usually elected because they can perhaps read and write a little, and this is thought necessary to submit projects to the CDC. The VDC is often not connected with the Wat Committee or other groups that may have influence in the village. New strategies should be developed whereby more of the total village is represented and where more inclusion of traditional leaders is advanced.

Where NGOs have assisted in establishing small committees, there is often the complaint that the newly established VDCs often ignore these committees. It is recommended that part of the orientation training deal with this issue, and that a formal mechanism be set up

where these groups are informally part of the committee.

It should be made clear from the start that after the first few VDC meetings, all meetings should be run by the VDC Chairperson and not the government facilitator. Also chairpersons should be trained at the CDC level on how to conduct participatory meetings and how to keep different groups involved.

Give villages a clear explanation of the CDC and its roles and responsibilities as well as the LDF and how it works. In addition, show the villagers the commune map and explain

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how it was created and what it means so they have a clear understanding of the whole process.

Villagers should be notified well in advance of all VDC meetings, and should always be involved in decisions on such things as where wells and ponds should be located, how contributions should be collected and how projects will be maintained.

The members of the SEILA team should consider spending the year 2000 consolidating current activities, bringing the main experimental aspects of the local planning program to a close (perhaps offering a series of options within the model), and thinking about ways to work strategically given existing constraints and demands. It is also important that CARERE take measures to avoid losing staff during the period of uncertainty before another project is signed.

The three provinces visited by the ET demonstrated that they can probably complete the expansion of VDCs and CDC within two years. As they move to set up new committees, the older committees become more mature and need less attention from government staff (PFTs, DFTs and TSSs); therefore, this staff can spend more time assisting new VDCs and CDCs. This is also true of CARERE's local capacity building staff. One important exception is that new members of VDCs will need training and assistance. This is also true where, under a new election, all of the elected members are new. This suggests the gradual reduction of both CARERE and government staff over time. It also means that as government staff matures in proficiency, less is needed of CARERE, since they are there primarily as trainers, support providers, and advisors.

I. Future Project formulation

UNCDF/UNDP or other donors could provide a full time local government and decentralization specialist for one year to work between SEILA, CARERE and national government to assist them in the formulation of plans to take the project into 2,001 and beyond. The role would be for a technical advisor in local government and decentralization and would require facilitation skills. The person would live in the country, network between different agencies, serve as a catalyst, and assist in the development of a three- to- five- year strategic plan to which donors could respond.

Some of the possible issues the person would deal with are:

- The experience to date has been that the LPP process has been modified in each of the SEILA provinces to suit the local context. In the next phase of the project, it will be important to begin developing a general framework for national guidelines that still allows local flexibility.
- Rather than reduce present SEILA staff, it is possible that staff should be increased to provide key people to go into other provinces to train local leaders in the methodology.

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- Reinforce the new Decentralized Development Fund at the national level that will be a depository from an expanded list of donors from which SEILA could work. This would include more strategies for making SEILA the vehicle for delivering development through local government that many donors could respond to.
- SEILA has established a decentralized planning and financial structure that has proven effective and is potentially a national model. It is hoped that the model will continue to gain support from the Royal Government and will be allowed to adjust to changes in the local structures anticipated by the upcoming Commune Elections, all the while maintaining responsibility for coordination of development activities at the provincial level. This would mean that the elected Commune Councils would coordinate their development activities through a non-elected body.
- With the establishment of the new Commune Councils, there is a need to identify and coordinate outside financial resources for development projects, including multi-sectoral, at the commune level.

I. CONCLUSION

SEILA/CARERE/LDF has been an enormously ambitious project. It has also been costly. It has attempted to almost remake a local government process and deliver vitally needed infrastructure development at the same. Although there is scope for improvement and much hard work yet to be done to institutionalize the structures and processes that have been created, the creation of this system has been a major achievement and has for the most part achieved its ambition. The SEILA/CARERE/LDF system has accomplished the following:

1. The project has more than achieved all of its goals and objectives and the outputs described in the main phase document.
2. It has assisted the governments in the five SEILA provinces in establishing a participatory decentralized local government planning and development system in a government/society known for its top down hierarchical style of rule.

3. It has implemented a precedent in local government in Cambodia whereby a certain percentage of government committee members must be women.
4. The system created has been formally accepted by the RGC and is looked upon by most government officials as the model for decentralized local government in all provinces.

It has had a major influence in the drafting of new local government laws and with the formulation of the Commune Councils in the year 2,000, which is seen as move towards democratization of local government.

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The major task of SEILA/CARERE/LDF is now to consolidate progress and to assist and work with the Royal Government of Cambodia, as the government desires, and other donors in the formulation of strategies and plans to move the SEILA/CARERE/LDF project forward into the year 2,000 and beyond. In addition, to assist the government, if it so desires, in its move towards decentralization in other provinces.

UNCDF Cambodia Final Evaluation

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1. INTRODUCTION

1.1. Purpose of Evaluation

The overall objective of this final evaluation is to assist the Royal Government of Cambodia, beneficiaries, UNCDF, and UNDP to:

- Assess the efficiency, effectiveness, relevance and impact of the project, and make recommendations for improvements wherever possible.
- Provide feedback to all parties to improve the policy, planning, project formulation, appraisal and implementation in the context of the next phase projections of the SEILA Program.
- Gather extensive lessons learned and operational recommendations that will feed into the future orientation and joint-formulation of the SEILA Program beyond 2000 with UNDP, SIDA and other possible partners. Recommendations should propose ways of ensuring a smooth transition of the project to the next phase and the further institutionalization of the project into the governmental structure taking into account the emergence of the "Commune Councils."
- Draw lessons that will improve the efficiency, effectiveness, relevance and impact of other UNCDF-funded LDF projects.

1.2. The Cambodian Context

Much has been written about the horrors of continual war and civil strife in Cambodia during the last thirty years and their effects on the infrastructure, the capacity of human resources and institutions, the economy, society, culture, religion, and the sense of community. Basic trust between people in villages has even been affected. These events have had an enormous influence on the process of development as well as on the results. Some of the issues that should be considered when implementing development in Cambodia include the following:

- Most of the educated people were eliminated, died of starvation or left the country.
- The same fate happened to over 75% of the teachers.
- 85% of Cambodians are subsistence farmers with little education, rarely going beyond primary school. Basic concepts that are usually taken for granted in other countries often cannot be assumed in Cambodia. As a project manager said, "The project was designed to last one year, and after three months we realized that it just wasn't working. We had to almost start over and teach basic skills in problem solving and planning that we had assumed they knew. Now we know the project will need to be extended two more years."

- Posttraumatic stress syndrome is still an issue for most Cambodians who are over twenty-five years old, and it can manifest itself anytime in people affected. This condition was caused not only by war but also by the fear that a neighbor or friend could turn you in to the authorities for termination to save their own lives.
- Many people are still reluctant to join or be apart of a committee, cooperative or association because in the past this was something one was ordered to do. It usually meant more work and regimentation.
- The same suspicion is true towards government. One hears village people say, "When they come into a village, it only means that they want us to do something or take something away. They never give nor ask for advice. They are the outsiders."
- Studies have shown and development workers have affirmed that Cambodia is an extremely hierarchical society where simple obedience is expected without asking questions or sharing ideas. Krishnamurthy states in a study of two villages, "Village meetings that foster collective discussions and decision-making do not exist." - - - "Leaders assume complete authority and responsibility over village affairs, and their decisions are accepted without question though questions exist in people's minds."
- During the years 1975-79, the roots of social order and traditions were transformed, "For Khmer, the DK (Democratic Kampuchea) period is viewed as a time when the core elements of Khmer social order were shaken to their roots. Basic elements of social status: age, sex, wealth and religious practice were called in question and reversed,

separated from the old social order but not reintegrated into a new social order." (Ledgerwood 1990:210)

- Instead of villages set in clusters as in most places in Southeast Asia, increasingly Cambodian houses are strung along a road or path in an ill-defined manner, which sometimes results from a lack of what westerners refer to as "community."
- In regard to the above, a recent study shows that individualism, particularly among the poorest, is on the rise. Surviving in an economy with little food is one cause. Struggling to adapt to a market economy is the other.
- The commune, created by the French Colonial Administration, was used rather arbitrarily to section off areas for control purposes. Since then it has been used mainly for the Commune Chief to recruit men to fight skirmishes or to mobilize people for work crews. There is little or no indication that the villages are connected to a larger community.

Compared with other countries, experienced development workers in Cambodia are adamant in advising that projects often take much longer and outputs are sometimes less satisfactory. However, they often also say that by taking a longer view on projects and by building capacities at the beginning, the resulting outcome can be more than adequate.

¹ Krishnamurthy, V. "The Impact of Armed Conflict on Social Capital", World Bank Study, March 99

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4 1.3. Background

1.3.1. UNCDF and CARERE 2

Following the Paris Peace Accord of 1991, hundreds of thousands of refugees moved into the province of Battambang and then into Banteay Meanchey, Seam Reap and Pursat in the northwest part of Cambodia. In 1992, the first phase of CARERE (Cambodian Area Resettlement and Reintegration Project) was established by UNDP in the provinces of Battambang and Banteay Meanchey. Its focus was on emergency relief and quick impact projects directed primarily at the refugees and the villages in which they were placed.

As Phase One was ending, there was a general feeling that CARERE 2 (the second phase hereinafter referred to as CARERE) should switch from emergency relief to a more developmental mode. In pursuit of this, a March-April 1995 UNCDF mission in Cambodia

recommended the establishment of a Local Development Fund (LDF) to be used with the Local Planning Process (LPP) in a pilot project in two communes in each of two provinces, Battambang and Banteay Meanchey. This was to be used as *a policy experiment*. Later the decision to expand into the provinces of Pursat and Siem Reap in the northwest and Ratanakiri in the northeast was made in September 1998. The overall objective was *to assist the Government of Cambodia as it develops critically needed rural infrastructure to support local economic development through a decentralized, participatory decision-making and implementation process*. The LDF would provide funds for rural infrastructure projects while the LPP would be the planning vehicle that would support the process. The provincial government staff, principally the provincial departments of rural development (PDRD), would be the implementors, while CARERE would supply most of the training and technical support and provide catalytic force to move the project along.

The Main Phase Project, Document No. CMB/97/CO1, stated the Development Objective as, *To alleviate poverty and spread peace in Cambodia by strengthening the bonds linking society to the structures of the State and empowering the Cambodian rural population to become fully participating members in the development process through decentralized governance*.

It also provided for five immediate objectives:

1. To develop a participatory, demand-driven process of rural development, infrastructure planning and implementation.
2. To fund the construction of priority rural infrastructure projects identified through this participatory process.
3. To augment and institutionalize the capacity of the PRDCs.
4. To augment and institutionalize the capacity of the VDCs and CDCs.

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5. To establish incentives for increased internal support for rural infrastructure projects through central government financial, technical and in-kind contributions and from local communities, while at the same time developing a sense of "ownership" of the local projects.

The funding for the pilot phase was approved by UNCDF in November 1995, and training began in March 1996. Implementation began shortly after the training had finished with the first set of projects completed in July and August. During the course of the pilot phase, several technical assistance and monitoring missions were conducted by UNCDF with the cooperation of CARERE.

UNCDF provided a budget of 4.526 million dollars, 3 million of which would go to the LDF for infrastructure development. UNDP would provide 20.5 million primarily for the operation of CARERE.

This was the beginning of a policy experiment to develop a "model" for decentralized rural development that could perhaps be replicated in other provinces. It therefore had the following features:

- Financial resources, planning and implementation of development from central government to local government.
- Participatory local government institutions that would enhance this devolution process.
- Management, planning, implementation, monitoring and evaluation capacities of these institutions and the staff within.
- A transparent and workable financial management system.
- A process for delivering sustainable infrastructure and other rural development projects.

1.3.2. The Emergence of SEILA/CARERE/LDF

At the national level of government, the SEILA Task Force was created by the Council of Ministers to oversee the CARERE/LDF project. The original five ministries included on the task force were the Ministries of Interior, Rural Development, Planning, Finance, and Women's Affairs. In 1999, the original CARERE 2 document² was amended to include the Ministry of Agriculture, which extended the project through the year 2000.

The amended CARERE document also stressed that the process needs to move away from the implementation modality of a UNDP project to one managed by government using its own systems, with CARERE assisting in the design of systems and providing adequate support, safeguards and transparency.

² UNDP numbers CMB/95/011/L/O1/31 and CMB 95/Ai 1/A/XX/31

A Sub-Decree in December of 1997 from the Royal Government of Cambodia officially recognized the SEILA Task Force (STF) and the institutions and processes under which it worked. This assured the authenticity of the project.

The mission of the Evaluation Team (ET) is to evaluate the LDF Project. As the ET proceeded through its work, it became apparent how explicitly the project was tied to the performance of SEILA/CARERE and of the local governments involved. It also became apparent that the project had major policy implications at the national level regarding the future of local government. At this time there is much support at national government level to replicate the SEILA/CARERE/LDF model in other provinces. In addition, laws are being drafted by the Royal Government of Cambodia to establish new units of local government that will impact the project. This will be discussed later in the report under

Commune Councils.

1.4. Composition of Mission

The Evaluating Team is comprised of the following:

- Robert Leonard, team leader, (a local government and institutional consultant who lived in Cambodia for almost four years), has trained all of the provincial Governors and First Deputy Governors and all of the top leaders in each of eleven provincial offices in management and planning.
- Dr. Robert Guild, an infrastructure specialist and engineer who recently completed an evaluation of the Vietnam Rural Infrastructure Development Fund for UNCDF.
- Cristina Mansfield, a community participation consultant with four year's experience in Cambodia working with international and local non-governmental organizations (NGOs).

1.5. Terms of Reference

The Evaluation Team has discussed the detailed Terms of Reference shown in the Annex I with several staff members of UNCDF, and a general consensus has emerged regarding the major thrusts or focus for the evaluation and recommendations. Below is a summary of the team's understanding of that general consensus:

- Given the number of evaluations and findings already made on this project, and considering the need to provide input into the thinking for a new formulation in early 2000, the primary aim was to provide a comprehensive view of lessons learned with particular attention to any new lessons not yet revealed.
- The major emphasis of the report was on providing recommendations as to how to apply those lessons learned to strengthen the project as it now stands, and more importantly, to

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show how they can be applied to the development of the conceptualization of both the new Commune and Administration Law being drafted and the upcoming project formulation.

- In addition, from the lessons learned, the focus was on how to replicate the project experience to other provinces and in the local government/decentralization framework.
- Infrastructure and other projects was examined for their quality of construction, appropriateness, impact, sustainability and effective use of resources. Particular

attention will be given to local participation and contributions, sense of ownership, the decisionmaking process, and project identification, appraisal and other related matters. In addition, attention will be given to the appropriateness of the projects and their impacts.

- A close examination was made of the flow of funds, financial management, transparency, and procurement procedures.
- To assess the viability of the institutions that have been established, the team reviewed such things as participation (including gender and the poorest of the poor), sense of ownership, openness, transparency, problem solving and decision-making processes and involvement in planning, implementation, monitoring and evaluation.
- As part of the examination of the planning process and level of capacity, the team reviewed the suitability and accessibility of training manuals and procedures and how much has been absorbed by individuals at all levels.
- The Evaluation Team examined the transfer of skills from the project to the government structures and the possibility of exit strategies.

One of the most important aspects of the evaluation is the strategic analysis. The main issues are:

- The sustainability of both the decentralized planning structure and of local and national finances.
- The potential for extension of the LPP and the decentralized rural planning structure to serve as a national model and for extension to other provinces.
- The potential for the LPP and the decentralized rural planning structure to serve as a model for other donors and for activities beyond rural infrastructure.
- Risks and opportunities for adapting the LPP and the decentralized rural planning structure to the proposed new commune councils.

1.6. Methodology

The methodology of the evaluation comprised four basic activities:

- Discussions with CARERE senior management and PSO staff, PRDC Executive Committees, and units of the Secretariat (Facilitation, Finance, and Technical Support) to understand the program, roles, challenges, opportunities, and suggestions for the future, as well as to assess their capacity and views about moving to scale.

- On- field visits met with district, commune, and village development committees. Village and commune leaders and villagers attended district integration workshops and bidding meetings and inspected project sites.
- Reviewed the extensive project documentation, including previous evaluations, analysis of the commune and LDF sub-project databases.
- Meetings with NGOs in the field and in provincial towns, and assessed past collaboration and identified potential areas for future collaboration.
- Debriefing meetings with PRDC Executive Committees, provincial staff, PSO staff and CARERE staff.

2. DESCRIPTION OF MAIN PHASE LDF PROJECT

The information set forth below is extracted from the UNCDF Project Document No. CMB/97/CO1 (Project Document).

The project is a continuation of the pilot project in two provinces for the establishment of a Local Development Fund with an initial allocation by a grant from UNCDF of US \$3 million over a period of three years from 1997 - 1999. Given the significant and positive lessons learned during the pilot phase and the adoption of the LDF/LPP methodology by CARERS, this amount is increased by US \$1,426,400. This is to allow for a greater amount of infrastructure projects and to provide for two Technical Assistance Advisors and a Technical Backstopping Monitoring arrangement with a nearby technical institution.

With two communes in each of the two provinces already receiving LDF funding, the project provides for an expansion into 8 - 10 additional communes in 1997, and at least that in 1998 and 1999. The grants support the process of decentralized planning under the LPP in the form of Indicative Planning Figures (IPFs) to the CDCs in the amount US \$50, 000 for projects that have characteristics of "public goods." The funds are allocated over a three-year cycle. To qualify, CDCs must have complete coverage VDCs or similar village committees sponsored by NGOs.

The specific allocation to each commune depends on the population size, the number of villages, and the amount of development that has already taken place. Communes and villages receiving projects are to make at least a 10 % contribution.

2.1. Rationale

The interrelated rationales for undertaking the main phase of the Cambodian LDF project are the following:

1. Infrastructure development is well known to play an important role in poverty alleviation and economic development. The project will result in the provision of critical types of infrastructure in the areas of coverage.
2. During the past few years, the Government of Cambodia has placed an increasing emphasis on furthering rural development.
3. The government has embarked on a major program of decentralization and participation in the development decision-making process.
4. Government resources to implement its intended programs of infrastructure provision, rural development, and decentralized planning and implementation of projects are extremely limited.
5. The establishment of the LDF is a critical component of UNCDF/UNDP efforts to reorient their broader program of activities in Cambodia.

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In summary, the core rationale for the project is to assist the Government for Cambodia as it develops critically needed rural infrastructure to support local economic development through a decentralized, participatory decision-making and implementation process. Much of the rationale is based on the growing confidence of Cambodian counterparts in implementing the LPP, which they found to be workable and fully replicable for the main phase.

2.2. Development Objective

To alleviate poverty and spread peace in Cambodia by strengthening the bonds linking society to the structures of the State and empowering the Cambodian rural population to become fully participating members in the development process through decentralized governance.

2.3. Immediate Objectives

The project is centered on the five immediate objectives:

1. To develop a participatory, demand-driven process of rural development, infrastructure planning and implementation.
2. To fund the construction of priority rural infrastructure projects identified through this participatory process.
3. To augment and institutionalize the capacity of the PRDCs.

4. To augment and institutionalize the capacity of the VDCs and CDCs.
5. To establish incentives for increased internal support for rural infrastructure projects through financial and technical contributions of central government financial and in-kind contributions and from local communities, while at the same time developing a sense of "ownership" of the local projects.

2.4. Outputs

The major outputs of the LDF project include the following:

1. The establishment of a pilot to test and further develop proposed LDF procedures in two provinces of Battambang and Banteay Meanchey (pilot phase), now expanded to include another three provinces.
2. The establishment and institutionalization of the LDF in a suitable agency at the provincial level following an evaluation of the pilot phase.

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3. The development of appropriate procedures and proposals for developing rural infrastructure, including: a program of training for PRDC, DRDC, CDC and VDC members that supports the institutional arrangements and procedures of the LDF outlined above; and institutionalization of the intergovernmental project planning and implementation process outlined above.
4. Physical outputs created by means of the LDF process.

2.5. Activities, Project Inputs and Implementation Arrangements

To assist CDCs and VDCs who have entered the LPP system, Local Planning and Technical Support Staff drawn from the provincial and district line agencies will train and support the effort. These LPS and TSS teams will be expanded to 5-6 teams of 3-4 persons each in the initiation of the planning process. These teams will be under the direction of the Secretariat and will be provided a set of motorcycles. After the experience in the pilot phase, the LPP was shortened to the following six major steps:

1. General Orientation - The LPS team will conduct a two-day workshop at the CDC followed by a three-day workshop at the village level explaining the details of the LPP and the roles of the VDCs, CDCs, DDCs and the PRDC in the LPP.
2. Data collection and analysis for formulation of Village Development Plan (VDP) - Using the Rapid Rural Appraisal (RRA) and Participatory Rural Appraisal (PRA) approaches, the VDP, including a village map, will be developed over a five-day period.

3. CDC aggregation of VDPs into Commune Development Plan (CDP) - VDPs with data collected at village level will be brought together at the CDC where the CDP will be developed over a four-day period.
4. Project formulation - Proposals will be prepared for the project(s), including a basic feasibility study and cost estimate. A portion of the IPF (up to 15 %) could be used to defray the costs of planning and project preparation. Up to 5 % could go to the CDC and VDC as administrative fees and up to 10 % to the TSS, sectoral ministries, NGOs or private firms.
5. Project appraisal - CDC will submit selected proposals through the DDC and then to the PRDC for approval.
6. Approval - The PRDC will return the proposals to the CDCs through the CDCs indicating which proposals were approved and what action should be taken on other proposals.

After receiving approval from the PRDC, the CDC/VDCs will organize tasks and activities for project implementation as well as monitoring and maintenance. On larger projects requiring more people and technical support, two committees will be set up. The technical committee will work with the contractor while the other will mobilize workers and organize logistics. The need

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for technical assistance in project design is recognized to vary considerably by type of project, and it is intended that project "templates" will be developed setting forth technical and cost standards.

Training of the LPS/TSS teams will be for ten days and will include such things as review of the LPP; RRA and PRA techniques, project feasibility study, project formulation, implementation and management, financial and contractual procedures, and monitoring and evaluation. At the start of the implementation of the LPP, a series of information and training workshops will be given to the provincial and district staff to foster commitment of the government in the process.

Disbursement activities will follow the Ministry of Finance (MoF) guidelines and will be subject to CARERE monitoring.

2.6. Monitoring and Evaluation

CARERE Local Capacity Building Staff (LCB), supported by the LDF M & E Advisor and the CARERE M& E staff in Phnom Penh, will assist in the monitoring of projects as well as the progress of the LPP. Because of the risky and experimental nature of the LDF project in Cambodia, there should be a special, more intensive prototype M & E system designed

using the learning experiences in the pilot project and in the ongoing process of the LPP. CDF and CARERE/SEILA will use the same M & E system. The system will, under the guidance of the CARERE M & E Advisor, produce an M & E work-plan with performance indicators. Baseline data will be collected on the basis of the indicators and will show the source, baseline information on each indicator, periodicity and duration of collection, who will collect it and cost. A Stakeholder Informant Group will be identified at the inception of the project consisting of individuals or groups who are affected by the project. In addition, focus group discussions with villagers concerning the outcome of selected micro-projects will be conducted as well as case studies by third parties. Studies will be carried out by external consultants, who will train relevant CARERE staff, who in turn will train their counterparts. In addition, staff involved in the LPP will keep a journal of observations during the planning rounds. As the project moves into the main phase, the burden of capacity building will shift from short-term consultants to the CARERE provincial staff.

2.7. Risks

The risks associated with the project along with the estimated degree are as listed in the table below:

RISKS

1. Many weaknesses in the governmental system, lack of legal and institutional framework for efficient government, and no recent history of local government.

2. Because of the lack of RGC funds for public investment, many types of

PERCEIVED

DEGREE

Medium to high

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funding programs are being delivered by international organizations with different types of planning approaches and financial procedures. Institutionalizing a consistent and uniform planning system over time is a great challenge.	Medium
3. Cambodia is desperately short of human, financial and institutional resources, and the central government is not in a position to allocate resources for adequate operation and maintenance of infrastructure.	Medium to high
4. Because people have become dependent on external agencies for survival and have been traumatized for many years, there is a lack of self-reliance.	Medium to high
5. Several areas of the northwestern provinces are still insecure related to opposing groups, and land mines hinder infrastructure and agricultural development.	Medium to high

6. There is no guarantee that the participatory decision-making process will bring consensus or transparency, and subsequent rounds of the LPP may have adverse effects on financial contributions and community participation.	Medium
7. Training and capacity building is dependent on the success of the CARERE staff to train and re-train LPP and TSS in the PRDC. There is a need to seek commitment from central and provincial authorities that transfers will be kept to a minimum.	Medium
8. There may be too many projects for the capacity of the planning and technical staff of the PRDC.	Low
9. Migration of staff of the PRDC to other donor agencies.	Low
CDF could lose its identity and "control" under such a large UNDP project.	Low

2.8. Changes in Project Implementation Since Approval

SEILA/CARERE/LDF demonstrated that with proper funds for infrastructure development, capacity building and technical support, both lower as well as provincial levels of government could manage a wide range of development activities. In addition, this process effectively supported a wide range of newly created local government development institutions. This convinced national government that this decentralization process was an effective approach to local development. To some degree, this has led the RGC to charge the MoI with drafting of both the Commune Election Law and the Commune Administration Law.

Given UNCDF's mandate for support to decentralization, as well as the strategic role the agency has played since the outset of the SEILA Program, UNCDF made the decision to support the development of a national policy on decentralized development in September 1998. A mission was launched in December 1998 to formulate a project for Assistance to the MoI to Draft the Commune Council's Basic Legislation. By February 1999, it was agreed that the activities would be funded from CMB/97/CO1; and a South African lawyer, the author of the formulation report, returned to Cambodia to support MoI's inter-ministerial workshop on decentralization and commune councils. He is providing ongoing support to MoI for the drafting of both laws. Additional support on the policy underlying the Commune Administration Law has been provided through short-term missions taken by AIT, with a local finance expert from MIT, and UNCDF's Chief Technical Advisor for the LDF.

With activities proceeding apace at the national level in creating a policy framework for decentralized development, the need became immediate for SEILA/CARERE/LDF to accelerate its work in perfecting and testing sustainable and replicable development planning and implementation systems at the local level. To support this effort, UNCDF agreed both to expand the coverage of the LDF to the remaining three SEILA/CARERE provinces (Pursat, Rattanakiri and Siem Reap) and to extend the contract of the Senior M&E Advisor through the end of October 1999. All of these decisions were based on recommendations made in the End of Mission Memorandum, which was produced following the UNCDF-AIT Mission (20 August - 3 September 1998) for Review of the

Second Cycle of the Local Planning Process. No additional capital investment funds were required to provide the additional coverage, but a budget revision (BR "E") was prepared to cover the costs of the M&E expert.

Rather than completing the LDF at the end of 1999, UNCDF agreed to carry the project through a transition phase from January through December 2000 to bring the project cycle in line with that of the UNDP project. In discussions held at the CAREERE Tri-partite Review of 20 May 1999, UNCDF clarified that the purpose of this phase would be to maintain a minimal strategic presence and to provide support to key areas until a joint formulation (among UNDP and other donors) for the next phase of SELLA (post-2000) could be finalized. The main focus of UNCDF support during this transition period will be to provide minimal support to the following activities:

- consolidation of the M&E strategy in view of transferring the system to the government;
- support to the government in the further development of the upstream policy dialogue and the preparation of the commune administration law; and
- provision of the minimum required capital investment resources.

Consistent with these commitments, UNCDF agreed at the Tri-partite Review to continue to support the Senior M&E Advisor through the transition period. A three-month extension of her contract, through December 1999, has already been finalized. In addition, the contract was not extended for the Infrastructure Advisor.

Decision-making regarding the other areas of UNCDF interest has continued since May. CAREERE submitted to UNCDF a proposal for capital investment for the year 2000 in June 1999. At UNCDF's request, however, CAREERE has been revising the proposal, as support has become available from the government and other donors. Discussions in support of additional technical assistance needs have been communicated to the mission of UNCDF's Chief Technical Advisor in August 1999 and his subsequent Back-to-Office Report. During the September Week-in-Residence, UNCDF brought to headquarters the legal and local finance advisors to discuss with senior management, the Program Manager and Chief Technical Advisor the additional anticipated needs.

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3. INSTITUTIONS AND CAPACITY BUILDING - FINDINGS

3.1.1. Provincial Governments Pre- UNTAC

Before UNTAC (United Nations Transitional Authority in Cambodia), the Cambodian government had some aspects of strong decentralization; namely, the various provinces

were considered almost independent kingdoms or "fiefdoms" with power centered in the Provincial Governors. Revenues were collected at the provincial level and were "sent up" to central government.

This situation was reversed under the new government of Cambodia after the 1993 election under the tutelage of Sam Rainsy as Minister of Finance. The primary purpose of this was to put all government revenues into the hands of the Ministry of Finance (MoF) where funds could be controlled, the Riel stabilized, and transparency established. Under the new system, all money was collected at the central level and then allocated to the various central ministries who in turn developed programs and projects to be implemented in the provinces. The projects were developed by the various ministries at the central government and then sent down to their respective subordinates at the provincial level to be implemented. There was always a question as to who had the final say on projects under this arrangement: the central line ministry, e.g., education, agriculture or health, or the governor. This was further confused because the Ministry of Planning, in the center of government, was supposed to control all planning. This ministry, once under the old command- style government in the 80s, was very powerful. Now its influence has waned under the present government.

There is little question; however, that the authority of the governor and provincial administration has been greatly reduced regarding how and where development projects will be implemented. In addition, the source of operating and development funds is now completely dependent on the central government. Thus, we have seen a reversal of power from the provincial administration to power and control in central government.

The SEILA/CARERE/LDF project became the major factor in the process of reversing this change.

3.2. The Provincial Governments

To fully appreciate the institutional and capacity building outputs of the project, it will be helpful to briefly review the situation in the provinces as it existed in 1995 before the SEILA/CARERE/LDF project. By comparing the before and after situations, one can obtain a better understanding of the new institutions that have been created, their function, and the capacities that have been developed to manage these institutions.

In 1996, one of the Evaluation Team's members trained all of the governors and deputy governors in separate two-week management and planning workshops. Following these, he

District Chiefs. The official organigram used at that time by all provincial offices had all line ministries reporting to one deputy governor and all District Chiefs reporting to another Deputy Governor. There was no body set up to coordinate development such as the PRDC. There was also some question as to whether the line ministries were responsible to the governor or directly to their respective ministries in Phnom Penh.

When the trainer asked the governors and later the provincial officials to explain their mission or their roles and responsibilities, they would usually bring out a long sub-decree from central government, which contained a list of duties i.e., protecting borders, registering births and deaths, law and order and other such activities. There was little evidence of any well thought out development plan or any system of development in provincial offices. Rather, tentative provincial plans came down from the Ministry of Planning regarding such things as how many tons of rice were to be produced, how many culverts were to be repaired or the number of irrigation canals to be dug. The Provincial Governors would comment on these plans in the way of their constraints in implementation and other items they thought important. These would then go back to the Ministry of Planning where they were revised and sent down to the provinces as "The Provincial Plans." The National Assembly approved these plans.

In addition, there was little donor money going directly to provincial governments for development; but rather it was allocated through NGOs and, to some extent, through ministries at central government. The Evaluation Team has no figures on this, but it is believed that little, if any, money came to provincial governments for development. There was development, but it is questionable how much, if any, control of the planning and implementation was done by and through the provincial office.

In the typical provincial office, many, if not a majority of staff, would come into the office with little or no work to perform, and many (upon arriving at the office to check in) would go directly to other jobs to earn their living. There was scarcely money to fund projects or programs, far too many employees for the amount of work and pitifully inadequate salaries for staff. The average monthly salary of a government civil servant was (and still is) about US \$15, whereas, it would cost about \$90 to \$100 to feed and clothe a family in a province. Even today, the Director of Planning, who is the secretary of the Executive Committee and one of the key people in the provincial administration, makes only \$20 per month. The governor makes \$30. One Evaluation Team member was told by a senior provincial official that they had about 6,000 civil servants on the payroll in 1995 of which about 10% actually performed daily work.

In taking over a new position as head of a province and after walking through the provincial office and seeing so little activity and so few staff, the new governor was heard to quote an old Cambodian proverb, "The wind just blew through the doors, halls and offices."

It is in this context that the SELLA project was launched.

17 3.3. The New Structure for Rural Development

Before the SEILA/CARERE/LDF project was launched, the Ministry of Rural Development (MRD) through its Provincial Departments of Rural Development (PDRD) had already set up a Rural Development Structure (RDS) under which the project would work. The structure, however, was mostly in its formulation stages and had little funds to put the system to use. It did provide local government development bodies in which SEILA/CARERE/LDF and the LPP could implement the project. The RDS was a reversal of the RGC policies for more government centralization described above, for it provided for democratically elected bodies at the village level, and to some degree, representative bodies at the commune level. The main bodies in the new RDS are the following:

- Village Development Committee (VDC) - is recognized by the Royal Government as an autonomous committee that works to ensure coordination between the Royal Government and civil society. The establishment of VDCs and CDCs falls under the mandate of the Provincial Department of Rural Development (PDRD). It is composed of from 5 to 7 (depending on size of the population) popularly elected members of which 40 % must be women. Voting is done by secret ballot, and members are elected for a term of three years. The person receiving the most votes becomes the VDC Chair who facilitates the selection of members to play specific roles on the committee, such as Deputy Chief, Finance Officer, Information Officer and Gender Officer. The VDCs are recognized by the national government as Autonomous Development Bodies.
- Commune Develop Committee (CDC) - is composed of the VDC Chairpersons in addition to Deputy Commune Chief, representative of district technical offices, elected women representatives, a commune assistant and other local leaders such as village chiefs, who are invited as advisors. The committee is chaired by the government-appointed Commune Chief. Under the newly created Commune Councils in the year 2, 000, the Chair will be elected by popular vote.
- District Development Committee (DDC) - is chaired by the District Chief and is composed of the Chairpersons of the CDCs in the district and the heads of provincial line ministries of Rural Development, Agriculture, Health, Education, Planning, Social Affairs and Women Affairs. It also includes the heads of other district offices, the District Police Inspector and the District Facilitator. Its main duty in the SEILA program is to support technical services from the provincial line ministries and departments to the communes and villages. It is also responsible for organizing the District Integration Workshops.
- Provincial Rural Development Committee (PRDC) - is at the top of the RDS and is the planning and decision- making body for all development in the province. It is composed of people from all line ministries, District's Chiefs and other provincial departments. It

produces a two- year Provincial Development Plan that contains all the plans of the provincial line ministries.

- Executive Committee (Ex-Com) - was created as the executive arm of the PRDC. It includes the heads of the provincial line ministries of Planning, Rural Development, Finance,

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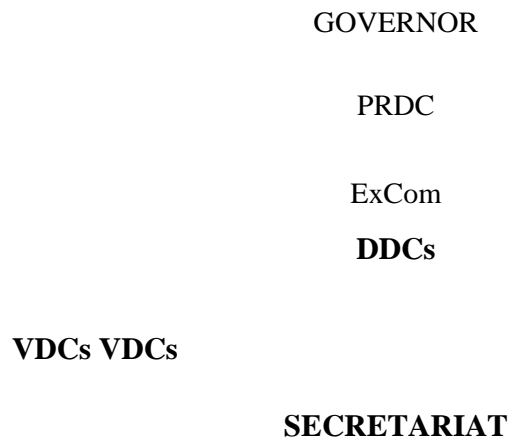
Agriculture and Women Affairs and meets once or twice a week. This provides an instrument for bringing key people together into a decision- making and implementing body.

- Secretariat - a body that gives technical support to the PDRC. All project plans from the CDCs come to the Secretariat for review and then are sent to the Ex-Com for approval. The staff of the Secretariat includes the Technical Support Staff (TS S) who gives technical support and advice to projects and to the VDCs and CDCs. There are also provincial and district facilitators (PFT) and (DFT) who assist setting up VDCs and CDCs and often act as facilitators in their meetings. The average number of staff in a Secretariat is about sixty to seventy and is seconded from provincial line ministries, mostly from PDRD. The largest numbers of the Secretariat are facilitators. On the following page Figure 1 shows a diagram of the Provincial Rural Structure.

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Figure 1: Rural Development Structure



There is a new model, which as of this date has not been implemented. It splits the Secretariat back into three sectors, Rural Development, Planning, and Finance. They will report directly to the Ex-Com and should be a good adjustment to the somewhat overly large Secretariat. Rural Development will have both the Facilitation Team and Technical Services, while Planning will contain the M & E unit. In the old pre-SEILA system, there is no evidence that there were any general technical support staff (they existed only in the

sectors) and no facilitators to work at any level of Local Government. The new model would appear as follows:

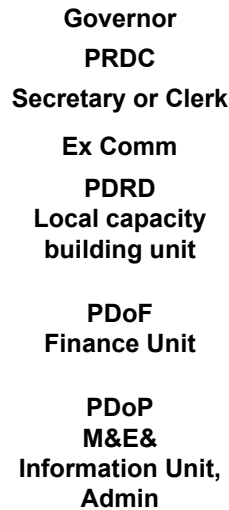


Figure 2: New Model of Secretariat

In spite of the fact that they are not official administrative bodies, the establishment of the VDCs and CDCs is the most far reaching of all the new structures. It has many implications, such as participatory planning, monitoring and evaluation, problem solving, project identification, community building, accountability and transparency, to name a few. The old system was almost totally top down with appointed officials making the decisions with little or no participation.

3.4. Salary Supplements

Because of the low level of government salaries mentioned in the previous section, salary supplements are given to the Secretariat staff in the SEILA/CARERE/LDF project. All staff working at the provincial level are given an additional \$80 per month, and those working at the district level are given an additional \$40 per month. Salary supplements have been a controversial subject for many years throughout the international NGO community in Cambodia, and many have attempted to reduce or eliminate them but with little success. The fact still remains that it is hardly realistic to expect government staff to work full time for \$15-\$20 per month.

3.5. Planning at Provincial Level

A consolidated rolling two year Provincial Development Plan is formulated by the PRDC that includes formalized log frame plans (OOPP logical framework system) including budgets from all provincial line ministries. At the time of CARERE 2's beginning, the Evaluation Team is not aware of any log frame planning in any of the other provinces. Rather than being too complicated and unsuitable for provincial governments, as some have suggested, the team considered the process highly productive. It creates a solid foundation that merges project and financial planning together into a logical and dynamic planning system.

Two Directors of Planning and two heads of line ministries along with sector staff spoke enthusiastically about the use of this method. It was difficult at first, but after using it for over one year, they indicated that the ease in implementing, monitoring, and evaluation of projects was or is much more professional. The director of one of the provincial line ministries said, "For the first time, we know where we are going, how to get there, and through the indicators in the log frame, how to monitor and evaluate projects."

3.6. Assessment 3.6.

1.

Communication

One could argue that the most important institutional factor in this project has been the enormous increase in communication from the villages through every level of government up to the PRDC. People all through the system have been taught to brainstorm, to ask questions, and to state opinions. It was clear on visiting VDC and CDC meetings, as well as Integration Workshops, that people (often the most vocal were women) were speaking up, sharing ideas and problem solving, something rarely seen in Cambodia, particularly in government bodies. This mode of communication was evident everywhere. Higher government sectors are responding to local government through Integration Workshops. Provincial and District technical, facilitation, and capacity building staff are working with the VDCs and CDCs. In addition, communication has been greatly enhanced between sectors, such as agriculture, rural development, education and health, because of the need to develop integrated plans at the commune and village level.

It was disappointing to note that most of the high level provincial meetings were still using the very long and narrow conference table with the Governor or District Governor, as in the case in Malai, sitting at the head of the table. The next top officials sit directly on the sides next to him and then the other staff, according to rank, fill out the rest of the seats in descending order. The low ranking members, sitting at the end of the table, or even in chairs at the end of the room, not only have trouble hearing what is being discussed, but

would certainly dare not share an idea from his/her vantage point. Communication was thus severely hampered as it has always been in recent Cambodian government. This is also true in most ministries, even the Council of Ministries, in Cambodia. Rather than hearing lively discussions at meetings in Cambodian government, one usually hears speeches only from a few people at the extreme high- ranking end of the table. This is quite difficult to change, however, as the conference rooms are designed in a

long narrow fashion, and long narrow tables are usually the only conference tables available. This hierarchical top-down approach is also part of Cambodian culture, as described above in the Cambodian Context.

3.6.2. Roles and Responsibilities

Government staff has a much clearer understanding of their roles and responsibilities. This is brought about by some of the following:

- Training in their job functions;
- Plans to be implemented have goals, objectives, indicators, and description of activities that have to be followed;
- Performance evaluations regularly given as part of the monitoring system help keep the staff clear on their roles and responsibilities;
- Although the M & E system has had many problems, there has been some monitoring of staff functions.

Not only is there more clarity, but this process produces concrete work to be done that requires performance monitoring. This has always been a major problem as provincial governments have rarely been clear of what their roles and responsibilities are. This has been exacerbated by the lack of real work.

3.6.3. Motivation

Provincial staff is motivated by many factors already described. In addition, staff have action plans to implement. They are more focused. Most important of all is the feeling of "ownership" demonstrated by people throughout the system. Even though there is concern that communities have felt that projects were from "CARERE," rather than government, little of this appeared with provincial government staff. In all of the meetings that the TEAM attended, CARERE officials were never in a command role, but rather, seated themselves away from the forefront more as observers. There appeared to be this "take charge" approach by government staff whether it was the Governor conducting an Ex-Com meeting or a facilitator leading a session on needsprioritization in a village.

Salary supplements are still a huge issue, and there is little question that in spite of

the high motivation of government staff, supplements are still needed which makes the project less sustainable than one would desire. Hertzog in his "Motivation To Work," pointed out, *In motivation of workers many things have a higher ranking than money, but there are certain hygiene factors that come into play, the main one being people have to be paid close to an equivalent of what others are making in similar fields. In addition, it must be enough to maintain his family in food, clothing and basic needs.*

3.6.4. A Transparent Financial System

The establishment of a transparent financial system has set the whole process on a sound financial footing. The new system has not been fully absorbed but is the beginning of solid financial management in provincial government that provides transparency, good tracking and accountability.

3.6.5. VDCs and CDCs as Institutions

Although it is not an official administrative body of government, the CDC appears to have established for the first time in modern Cambodian history a Commune body that to some degree represents the villages within its area even though its focus is only on development. The CDCs hold meetings regularly, , meet with villagers and sometimes visit villages. They approve payments to contractors and, to some extent, monitor, evaluate, plan and review projects from villages. Members have been trained in problem solving, project planning, roles and responsibilities, governance, human rights and a host of other subjects. It is unfortunate that the Commune Chief is also the CDC Chief, as this has often led to his/her dominance in participation and in selection of projects. As stated before, this will change after the CC elections in the year 2,000. The lack of capacity is still a major problem, as most of these roles and responsibilities are almost totally new; however, given the lack of any previous institutional experience both by government and the members of CDCs, much progress has been made.

Like the CDC, the establishment of the VDCs as the participatory local government planning vehicle is a bold and unprecedented move in Cambodia, bringing people together in a way rarely experienced there. People are freely sharing ideas in meetings; women are participating; people are learning mapping and rudiments of needs assessment, project formulation and planning. There are, however, many issues that have arisen regarding the VDCs, most of which will be addressed under the Local Planning Process section of this report. There are some overall institutional issues that will be mentioned here.

As the ITAD Field Visit Report³ points out, the process of setting up the VDCs is extremely expensive and requires many hours of provincial and district staff. The project is well aware of this problem and has taken steps to reduce this time period by eliminating the PRA and by developing a much scaled-down version of data collection and needs assessment in setting up a VDC.

The project is faced with a serious dilemma. There is much work to be done in existing

VDCs to make them more effective and sustainable. At the same time, government is preparing for the 1,600 Commune Councils to be set up in the year 2,000 and could request SEILA/CARERE to become a part of that process. There is also much interest by the government in taking this model to other provinces. Either program would require an enormous effort on the part of SEILA/CARERE and would certainly mean that focus would move away from VDCs in their five provinces to the new CCs in all of the provinces. Already, one SEILA/CARERE/LDF province is testing out the Experimental Commune Program which eliminates the VDC

s "Cambodia, Field Visit report of February 1999 by ITAD"

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altogether and puts almost all focus on the CDCs. In addition, because there is less money available to village projects during the second and third cycles, there is already a move by SEILA/CARERE to focus more on the CDCs. This means that shoring up of the VDCs does not seem a possibility at this time.

The question now is what will happen to the existing VDCs. If more attention is not paid to the VDCs, they could easily become non-sustainable and simply fade away, particularly if donor and government funds are not available for projects. This in the ET's estimation would be unfortunate, as VDCs with the LPP are giving Cambodia a first taste of a participatory local government institution. On the other side is the potential for assisting the government to provide an even more ambitious program in decentralized local government. It is quite a dilemma, and before it can be answered, the government must make its desires known to SEILA/CARERE regarding future expansion of the project into other provinces and its assistance in the Commune Council process.

The ITAD report questions the sustainability and the replicability of the project citing the high cost of organizing VDCs and CDCs, even though they agree that the intensity of the PRA approach has been reduced and even the name has been dropped. The report says that "a tendency to create complex, ambitious 'international NGO' procedures, systems, data-collection and monitoring --- which depend heavily on CARERE project staff and resources for sustenance. The project staff is already addressing these issues by developing a shorter orientation period, dropping the PRA, and using a much simpler data collection/needsassessment procedure. It has also moved away from the typical "community development" approach and, in fact, is clearly stating that this is not a community development project.

The other more profound observation made in the report is that the project is not replicable in other provinces. It states, "The evidence is that the outcome is a participatory area development project rather than a replicable model for government and/or other donors." Although the report does mention some of the problems facing the government in Cambodia, e.g., *The Cambodian Government has to build its administrative capacity, including its ability to execute rural development programmes*, it appears to treat Cambodia in the same framework of other developing countries that it is evaluating for the LDF, (Uganda, Malawi and Viet Nam). These countries have little to compare with the

devastation of infrastructure, human and institutional resources and culture of Cambodia. Uganda has a strong president who is pushing perhaps the most far-reaching decentralization process in the world. It has one of the finest universities and some of the most educated civil servants in Africa. Malawi has had a stable government and civil service for over thirty years. Viet Nam, although plagued with terrible war, never lost its basic infrastructure, nor its human and institutional resources and culture. Therefore, if one takes the position that Cambodia is somewhat different from other developing countries, then it may be necessary, when attempting to implement meaningful developmental projects, to adapt some distinct and unusual approaches to insure success. This is particularly true if the project deals with local government decentralization, participation, capacity building and infrastructure projects. If one does not accept this position, then there would be little argument with the report.

It is argued that because so much is needed to bring Cambodia up to even minimal standards found in other developing countries, particularly in human resources and institutional development, that intensive capacity building programs have to be engaged. This requires the staff intensive approach that the project has taken. When this training and capacity building has been integrated into government staff and into the CDCs and VDCs, which is already appearing, staff requirements will decrease and eventually will almost disappear.

3.6.6. Results and Action- Oriented Management

Many of the positive results discussed above are greatly assisted by having specific projects to complete with indicators, time-lines, budgets and clear means of monitoring. Staff must perform within certain standards and in a time period. According to modern management theory, this has a tendency to create a certain degree of challenge within staff, which in turn creates excitement, and finally, good results are obtained. It is clear that people are focused on results and on the action that brings those results. This is clearly different from that shown to the Evaluation Team's member during his training work in other provincial governments in 1996 - 07.

3.7. Capacity Building

Indeed, from an institutional standpoint, the whole structure, as well as the process that has been created from top to bottom, is impressive. It creates a structure and a process that facilitates planning, communication (both vertically and horizontally), financial controls, transparency, accountability, networking and a host of other excellent institutional activities.

One possible constraint is that there is no Ministry of Local Government at the national level to oversee and coordinate the process of local government. While the Ministry of

Interior is in charge of all provincial offices, it must also involve other ministries such as Finance, Agriculture, Education, Women's Affairs and Rural Development in its local government policymaking. As each ministry has its own interests to promote, differences can arise which will delay progress on new policies and initiatives.

3.7.1. Training

In one year alone, 56,245 people (34% women) were trained in 2,200 workshops in such things as planning, problem solving, finance, water and sanitation, agriculture, management, gender, governance, health, infrastructure design and implementation among others. Most of this training was for specific job-related functions so that they could put the skills learned into practice. Most important, however, was learning by doing and working with counterparts in CAREERE. The Evaluation Team talked with representatives of every level of government from governors to facilitators and to people in the CDCs and VDCs. Everyone thought that the

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training had been extremely beneficial. At first, some of the trainings were too academic and not properly related to the Cambodia situation. This apparently was corrected

Clearly, capacities have been built from top to bottom. Staff is using sophisticated planning tools, implementing fairly complicated infrastructure projects and has learned an array of modern institutional and management skills that are in many instances totally new. In fact, development workers in Cambodia would argue that even the concepts are new. Such things as turning a concept or an idea into a project are almost foreign notions to many Cambodians. Basic problem solving as known in western countries is not a normal practice. There was evidence that this is a common practice at least in the PRDC, EX-Com and Secretariat (in spite of the long conference tables and seating arrangements).

3.8. Lessons Learned

The project demonstrates the following:

1. The top management of CAREERE had years of experience working with Cambodians in the field, knew their language, their culture, the horrors of their experience, and appreciated the enormous constraints to development that existed in the country at the beginning of CAREERE 2.
2. Local government can be changed to be participatory and decentralized when there is "buy in" at the top of the provincial government. The present governors of both Battambang and Banteay Meanchey, where the project started, enthusiastically supported the mission of the project, as did other influential people in the provinces

including two former governors.

3. A successful local government project in one province (in this case two provinces) can lead to replication in other provinces and eventually receive support by national government.
4. Although operating with the same mission and strategic objectives, there were different methods of fund allocation and project selection that allowed for considerable adaptation to local situations.
5. Intensive training at all levels of provincial government was followed by opportunities for staff to implement what they learned, while at the same time receiving back-up technical support. This process not only dramatically increased the capacities of staff but also changed their behaviors, attitudes and work habits and in the end, it greatly assisted in changing local government.
6. With a clearly defined "mission" by all the top players (What are "top players"? You had mentioned the problem of some people thinking they're better than other people in Cambodia and here you're talking about "top" players which implies that there are bottom or lower players) of the project, and through training and close supervision, the mission was

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integrated among government staff. The project was therefore driven by a clear sense of shared goals and vision that was "bought" by the great majority of participants..

7. Beneficiaries who saw the possibility of immediate benefits from government realized from the beginning that the participation asked for was real and not another of the many empty promises from government.
8. Government was involved from the beginning and was the actual implementor of the project; therefore, the project had ownership throughout government.

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4. THE LOCAL PLANNING PROCESS - FINDINGS 4.1.

Attainment of Objectives

The objective of the local planning process (LPP) as cited in the Project Document is to develop a participatory, demand-driven rural infrastructure planning and implementation process to support projects funded through the LDF that aim to generate greater economic development and improve the quality of life for poor residents of rural areas.

As of August 1999, SEILA/CARERE/LDF has provided support to 1,144 locally elected Village Development Committees (VDCs), 134 Commune Development Committees (CDCs), and five Provincial Rural Development Committees (PRDCs). Each year as the

CDCs gain experience implementing the process, they demonstrate added maturity in needs assessment, planning, and implementing projects, indicating that rural development structure is viable in Cambodia even though the model is new to the context. The LPP makes an important contribution to establishing two-way communication between administrative levels from a broad village base to the province.

The LPP has also gained acceptance as a viable model for decentralized rural development with possibilities for replication nationwide. Indications are increased collaboration and feedback from NGOs working in the SELLA target communities, who initially had reservations about the model, and the decision by donor agencies to support the LDF.

4.2. Planning Process and Cycle

4.2.1. Planning Process

As shown in Project Document section 2.5, the LPP begins the six step process at the local level where villagers collect socio-economic data, identify needs, prepare village maps and develop village future action plans. A simplified exercise is conducted after the first year to update the plan. Changes being introduced to the process are discussed below.

These plans are taken to the commune level where the CDC prepares 3-year Commune Development Plan and a list of projects they wish to implement the following year. Departments provide communes with sectoral policy guidelines to inform their planning. These are introduced to the CDCs during the preparations for the District Integration Workshop. For example, the Ministry of Health does not provide health centers for communes with less than 10,000 residents and communes need to keep this in mind when formulating their plans.

At District Integration Workshops, communes present their plans and the departments provide feedback on what resources they have to offer. It is at this time that priorities are discussed, resources are allocated by sector and the communes extract commitments from the departments. All departments receive copies of the commune plans before the workshop so they come

prepared to respond. They also receive basic data for their sector from the commune database. NGOs, IOs and other agencies are to attend the workshops and present their activities.

The Evaluation Team had the opportunity to observe a number of District Integration Workshops and was impressed by the lively discussions that took place. There was a noticeable difference for districts with more experience: districts in Banteay Meanchey, for example, have cut the workshops down to one day and eliminated long speeches, getting straight down to the nuts and bolts. Eighty people spent most of the day sitting on the floor in sectoral working groups discussing -- even arguing -- the merits projects, excessive expectations, resolution to agreements from the previous year that had not been honored, and ways to combine resources to get projects done. The atmosphere was buzzing with energy and in the midst of it all, the

District Chief and Department Directors were beaming. They were listening to the communes, and they had something to offer them. Certainly *not* the average government meeting... After the workshops, the CDCs are then responsible for allocating their own resources, taking into account the letters of intent signed between CDCs and Departments or other organizations at the District Integration Workshops. At that time they receive an indicative planning figure (IPF) from the PRDC to use as an estimated budget. The purpose of this is to allow communes to practice allocating resources within a fixed budget, rather than writing out a simple wish list.

CDCs then formulate project proposals with assistance of the provincial technical support staff (TSS) who the communes to assess project feasibility and estimate costs. The formulated projects are forwarded to the PRDC Secretariat for review and submitted to the PRDC Ex-Com for approval.

Asia Institute of Technology (AIT) assists with a figure describing the process on the following page with figure 1

Figure 5.1: The Local Planning and Implementation Process in Outline

Stage	Local Level		Provincial Level including District				System Support by CARERE, NGOs and Others
	Village	Commune					
General Preparation			Expansion of the LPS/TSS Team and Training of Trainers				
			Provincial Orientation Workshops				
						Support Activities	
			Selection of and Allocation	Commune of IPF			
	1. Orientation					General Backstopping and Monitoring	
Local Planning (VDP/CDP)	2. Data Collection, Analysis and Docum'tn (VDP)					Training of Trainers continued	
Specific		Aggregation into CDP					
						Development Information System	
Project Preparation	4. Project Formulation						
						Technical Support: Standard Projects	

Project Appraisal				Financial Management Procedures
			5. Project Appraisal	
			il	Annual on Procedures and Practices
			6. Approval	
Project Implementation and Management	Project Implementation and Management under Different Funding Windows			
				Legend
				Process Steps
				Steps which include <i>Training</i>
				<i>Support Activities</i>
Monitoring and Evaluation	Monitoring and Evaluation			
	Feedback for second cycle I			

One negative aspect of the LPP as currently structured is that there is no time in the cycle for villages to propose alternative project if their first choice project is not selected in the integration

process. VDCs are effectively guessing, admittedly strategically, about the projects most likely to be approved. As a result, they may be proposing projects that are not their top priorities.

Using participatory feasibility studies might have solved this very problem in Doung Treng village of Preah netr Preah district. Villagers there keep insisting on a large and expensive bridge, but have had their project rejected each year. Although have saved money for a local contribution 2 years in a row, each time they have used the money for something else. Now the village is trying for the same bridge in year 3 but with no savings for their local contribution. In discussion with villagers and the CDC Chief, they did not want to consider other options for smaller bridges that might have been more affordable and still solved their transport problems. A participatory study may have helped them to see how other options were also feasible.

The Provincial Department of Planning then finalizes a Provincial Development Plan that includes sector plans, as was an investment plan for the province. These are forwarded to the national level where they can inform national planning.

One of the lesser-known aspects of the program is the provincial CDC/VDC congress. The first was held in Battambang in December 1998. A second was held in Banteay Meanchey in March 1999. In Battambang 560 village and commune representatives attended, while in Banteay Meanchey 1,200 attended. The purpose of the congresses was to bring participants together for two days to inform them of the LPP process, share experiences, highlight the outputs and stimulate networking between VDCs/CDCs. In addition to representing an astounding logistical feat, the congresses most certainly represent a first for Cambodia, and

their potential for other dissemination and communication activities in the light of the upcoming commune elections merits further attention.

4.2.2. Planning Cycle

The development of village and commune plans takes place in the rainy months between June and August, so that completed development plans can be presented at the district integration workshops in September. The allocation and formulation of projects takes place at the commune level in October and November, so that the projects can be reviewed and approved at the provincial level by the end of December.

As rural life in Cambodia is inextricably linked to the coming and going of the rains, the timing of the planning and implementation cycle has proved to be important. In order for projects to be implemented during the dry season, from January to April-May, it is essential for project approval to be completed by the end of the year.

4.2.3. Changes to the LPP

Over the past three years, the LPP has been closely monitored and several evaluation workshops and reports have been made. As a result, the process has been simplified and the number of steps involved reduced to 21. While at first glance this sounds like a lot, all the steps are needed to ensure a comprehensive system of feedback, consensus building, monitoring and approval.

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Content and precise number of steps differ between provinces according to now activities deriving from the agreed upon LPP standard are organized and implemented.

Most of the changes in the LPP have been related to streamlining the process while developing it as a model that can be replicated. The most significant ones relate to the bidding process, the simplification of the data collection system and added focus on building the capacity of the CDC members.

The most important change in the LPP structure has been the introduction of the bidding process. This process brings in contractors as a third party to program implementation, with the CDC as the 'owner' of the project, and the Ex-Com/TSS monitoring technical quality and authorizing the disbursement of funds upon completion of each phase of the project. This tri-partite structure can be viewed as practicing the separation of powers at the grassroots level and promoting good governance.

Another change has been the simplification of PRA tools, which proved to be too complex as introduced initially. These have been simplified into what are now referred to as data collection tools. This change has reduced time and effort demands placed on villagers to

complete tasks not directly related to decision-making that can tax the interest of the villagers. As mentioned above in the section on participation, however, placing additional focus on activities that do encourage greater participation in decision-making by villagers has yet to be done.

Finally, since the beginning of the project, added emphasis has been placed on developing the capacity of the CDC members, encouraging them to do more of the work themselves (such as formulation of project proposals) and facilitating communication with the commune via radios. The result of these efforts was evident in the noticeably more advanced communication skills of members of CDCs in their third and fourth cycles compared to those of more recently elected CDCs.

4.3. Resource Allocation 4.

3.1. Selection of

Communes

The first SEILA target areas were carried over from the initial phase of CARERE. When the pilot LDF program began in 1996, three districts in Battambang and two in Banteay Meanchey were still under Khmer Rouge control, in addition to portions of other districts. Due to security concerns, which lasted as late as December 1998, the initial selection of communes was done using the criteria of security and accessibility. Thus in Battambang and Banteay Meanchey the first communes to access the LDF were usually located closer to the provincial centers or in districts most removed from the fighting.

As security and accessibility improved, the criteria for selection expanded to include populations with a high prevalence of returnees or internally displaced people, contiguity with existing target communes, likely effectiveness of investments, visibility of demonstration, the existence of other 10 and NGO programs in a district, and cooperation of local authorities.

Up until 1999, there were no sources of disaggregated data available, so commune selection could not be based on poverty indicators. Now that the Commune Database is available, comparisons between villages and communes are possible. Selection of new target communes is now based on combinations of poverty and population data, with some variation of methodology between provinces as discussed below.

With the reintegration of the last Khmer Rouge strongholds into the government administrative structure, between May 1996 and December 1998, the development community implemented an organized response to provide emergency assistance to the former Khmer Rouge districts, known today as the reconciliation districts. SEILA began implementing the LPP soon afterwards, beginning with two communes in each reconciliation district.

4.3.2. Allocation of Indicative Planning Figures to Communes

The indicative planning figure (IPF) is a budget allocated to each commune from the provincial level. Communes then allocate their IPF resources to specific village projects through the local planning process, based on the merit of proposals received. There are no requirements to distribute or concentrate the resources to a large or small number of villages.

LDF policy as per the original project document was to allocate \$50,000 to each of the participating communes over the three year cycle, regardless of the number of villages, their population, or need. The general principle was to disburse \$25,000 during the first cycle, \$15,000 during the second cycle and \$10,000 during the third cycle. There were no specific criteria used to adjust these amounts.

From this basis, allocation methods have evolved over time and varied between provinces, using various combinations of poverty indicators and population. In the second year of the LDF, a reassessment of allocation methods took place, based on internal reviews and external monitoring. It was agreed that a flat rate per commune was not appropriate and that the IPF should be adjusted in some way to better reflect "need". Initially, only the number of villages per commune was used. Poverty indicators were added later.

Banteay Meanchey was the first province to use objective poverty criteria as well as indications of support from outside organizations. Battambang has followed this method beginning in 1999. The formulae differ between provinces but in general use a weighted average of the poverty ranking, derived from the Commune Database, and the population. There is also some discretion available to PRDCs in the allocation process.

As a result of this evolution, the actual amounts allocated to communes have varied considerably, in some cases double or half the average amount over a three-year funding cycle. By the end of the third year of the LPP cycle, communes should have received about \$50,000. The actual amounts allocated for these communes range as high as \$96,000 in Battambang for a commune with 18 villages.

The indicators that are used for IPF allocation from the provincial level to communes need improvement if they are to be used for targeting. To indicate poverty, Battambang Province uses a combination of children not attending school; the amount of poor housing; and the proportions of invalids, returnees, internally displaced persons (IDPs), and female-headed households. Banteay Meanchey uses almost the same set of indicators, but replaces IDPs and returnees with landless households. There are several problems with this set of indicators.

First, some of the indicators are poor proxies for poverty. The percentage of children attending school is also strongly affected by the proximity of schools and by transportation problems. The most widely accepted poverty indicator, the number of female-headed

households, is also not a good indicator, as there is evidence that these households are in fact better off than are maleheaded households.⁴ Furthermore, an analysis of the variables contained in the Commune Database shows that the proportion of female-headed households has no relationship to the proportion of children in school, vehicles per family, or household equipment. This may be due to these households being smaller through a truncation of fertility, and it may reflect the role women have as traders.

Second, the variables in any set of poverty indicators - if they are accurate - are colinear by definition and therefore do not all need to be included. Any single indicator of consumption, for example, is as good as any other since they will all reflect relative household income and therefore the underlying incidence of poverty. Vehicles, housing condition, and televisions are probably all equally good indicators of consumption.

Third, the indicators that reflect personal status during the political upheaval of recent years may not remain accurate indicators of poverty. Returnees and IDPs would surely have been disadvantaged in the early stages of their resettlement, but that disadvantage probably weakens over time. Many returnees have been able to leverage their knowledge of English to gain employment for example. If the point of these indicators is to say something about access to farmland, and by implication farming income, it would be better to use the variables related directly to land.

A correlation analysis of the poverty indicators currently in use is reported in Annex VII. The results show that the only moderately strong relationships are those between housing quality and the numbers of motorbikes and cars per family. Other commonly used indicators have no relationship to landlessness, refugee status, or school attendance. These results suggest that consumption-related items are probably the most consistent indicators of relative wealth.⁵

There is widespread agreement that simple criteria work best and are most likely to be applied consistently. The capacity of many of the staff involved in the LPP to apply quantitative formulae is limited. Since there are consumption related items in the Commune Database, they should be used in lieu of more complicated schemes. Using a poverty criterion alone, however, would imply that the same villages should always receive the largest allocations, and therefore it makes sense to include population so that allocations are weighted fairly for larger places.

⁴ Ministry of Planning. Cambodia Human Development Report 1998. Phnom Penh, 1999

⁵ We assume that the "Wealth" field in the Commune Database, currently empty for all places, would be derived from existing variables and does not represent additional survey information.

4.3.3. Allocation to Projects

The original intent of the project allocation process was to use a multi-criteria framework, developed by UNCDF, AIT, and CARERE that included criteria of project cost, number of beneficiaries, priority of problems or needs, cost effectiveness, time frame, local contribution, and sustainability.⁶ This framework has proved overly ambitious in the

Cambodian local context. Interviews and monitoring reports (both internal and external) have revealed much confusion at the provincial and commune level as to the process used for allocation. CDCs have tended to use only a few criteria in practice, usually the ones they think they understand.

Monitoring reports and LPP review reports attempted to resolve the difficulties encountered in applying the ranking and screening criteria. However, CDCs continue to have problems. The 1999 Independent Evaluation of the local planning process observes that some CDCs continue to rely on the facilitators for the allocation of the LDF and recommends that there be only two or three simple criteria given to the CDC members to guide them in their decision making. The latest review of the LPP has noted that the Commune Database is now available, and the consultant responsible for Reconciliation programs has recommended simplifying the range of indicators. The Evaluation Team acknowledges that CARERE management is aware of the problem and that it is on the agenda for the 1999 Battambang LPP Review Workshop.

Allocation to projects should therefore be simplified. The number of beneficiaries and some prioritization of need by the CDC may suffice. An example can be taken from the Vietnam LDF project. At the equivalent stage of the LPP, villagers rank their perception of the need of every other village besides their own to determine the neediest village(s).

However, continued experience with the allocation process has increased participants' confidence in the process, lending support to the general impression of capacity building among participants at all levels of the LPP. Despite confusion, the CDCs are believed to allocate resources to the highest-priority projects that are proposed by VDCs. The fact that IPF allocations are reduced after the first year has forced CDCs to make tougher decisions, and led to selection of fewer projects, more often at commune rather than village level. Most importantly, CDC and VDC members interviewed during the mission stated that they believed a rational quantitative method was useful as it enabled them to be impartial and "fair."

Commune Development Committees are not yet effective in the prioritization of project proposals, consolidation of village proposals into larger commune projects, or identifying wider needs.⁸ Between villages, the IPF has typically been allocated on an equal opportunity basis, according to "one village, one project". In Battambang, at least 96% of IPF funds were allocated to village level projects in 1997 and 1998. In Banteay Meanchey all funds were allocated to

⁶ Pongquan, S. "Monitoring and Evaluation Mission on Commune Development Committee IPF Allocation Process (17-28 March 1998)", Cambodia LDF Report 24, Bangkok: Asian Institute of Technology, April 1998

Biddulph 1999a, Biddulph 1999b, Pongquan 1998, M&E and LCB Staff 1998

⁸ M&E and LCB Staff, "Study of the CDC IPF Allocation in Battambang and Banteay Meanchey 1998", CARERE report LPP/-/CAR/666

village level projects over the same period. However, several CDCs visited by the Evaluation Team, that were in their third year of the LDF program, said that they could see the benefits of combining smaller projects into larger ones, and were beginning to discuss ways to do so.

However, these figures do not tell the whole story. In some cases, larger projects at commune level have been split up and administered as village projects. The reasons for splitting up projects include the administration fee, collection of local contributions, and labor organization. Therefore, the proportion of commune-level projects cannot be accurately detected in the LDF database, but is certainly higher than zero to four per cent.

There have been some notable exceptions to the trend of "one village, one project". In Phnom Sampou Commune in Battambang, a canal that was identified as a top priority for one village would also benefit 4 other villages. The 5 VDCs agreed to combine their resources and put the project forward as a CDC project. In another case, a 9.3-km road in the commune was built under the SEILA Program for sectoral support using ILO methods. It is now maintained by people who live along the route, even in the long empty stretches between villages. VDCs arrange maintenance using unpaid workdays. This area is a prime orange-growing region and people value the road for market access. So they have set up checkpoints that allow them to collect tolls from trucks using the road, and to close the road during the rainy season when needed. Materials for repairs are bought using tolls, and the provincial authorities have helped by soliciting contributions from the big trucking companies that are active in the area.

4.4. Participation

4.4.1. General Participation

The goal of the local planning process is to strengthen the ties between state structures and civil society by promoting broad-based participation in the development process to access the LDF. This is a daunting challenge given Cambodia's recent history, the high poverty rate and planning process has achieved active participation at the grassroots level by encouraging villagers to:

- Participate in village meetings
- Select the VDC members
- Collect and analyze socio-economic data
- Identify needs and priorities in order to prepare a Village Future Action Plan
- Contribute to the construction of infrastructure projects in the form of labor, supplies and cash
- Maintain the projects

By the end of 1998, 5,705 villagers were participating in the VDCs in the five provinces. However, the 1999 external evaluation of the LPP (Biddulph, August 1999), which concentrated on participation indicates that outside the data collection/village mapping exercises and community contributions, villagers have little involvement in the LPP. VDC meetings are held only when there is a project involved. (there may be a better word than "involved." They are

tàcilitator to conduct them. After a period of time, some members lose interest, leaving only two or three members actively involved.

The evaluation report defines participation as the influence that villagers have over development whether in the form of direct participation in decision-making or of representation through elected representative who make decisions and work on behalf of their constituency. The report finds that almost no villagers are aware of the commune development fund or of the commune committee and rightly points out that access to information is the key to initiating accountability. If villagers are not informed about the LDF, there is no hope of their being able to influence the process. If they are informed about the project, traditional methods of communication and of pressuring local authorities have a chance of being effective.

Two important recommendations have been made to address this issue. The first is to improve the effectiveness of the Village Information Strategy to raise awareness about the public's rights and responsibilities (and those of their village representatives). The second is to use village meetings to promote the engagement of the community in dialogue relevant to the LPP decisionmaking process, specifically after the CDCs meet to decide on projects but before the project proposals are formulated. It is at that time that villagers can have a real say in who should manage a project and where a project, such as a well, should be located.

4.4.2. Role of Poor

The goal of the LPP and the LDF is to generate greater economic development and improve the quality of life for poor residents of rural areas. The main area in which the poorer sections of the population participate in the LPP is during the village meetings at the start of the cycle when priority needs are identified.

An in-depth assessment of the participation of the poor in the VDCs and CDCs was not possible in the scope of this evaluation. However, it is unlikely that they are represented to any great extent, first because of their own time constraints as they seek to earn a living and second because the impression that committee members should be educated is a barrier to participation. A number of characteristics limit the opportunities for targeting participation of the poor over any other group in the LPP. As a mechanism for decentralized planning and financing, the focus is on establishing a system of interaction between government and civil society. In order for vertical integration to occur, points of communication have to be established, and this necessarily limits broad-based participation. Second, as most of the projects are infrastructure projects such as road, the poor are most certainly benefiting from them. Finally, as the general level of poverty in Cambodia is so high, targeting the poorest sectors at the village level is not necessarily meaningful. The 1999 SIDA Advisory Team report confirms that while the bulk of LDF beneficiaries qualify as poor, "CARERE/SEILA does not reach the poorest strata and is not designed to do so (p. 8)."

While effective targeting of the poor at the village level is limited, the opportunities are

much greater at the provincial level. It is during the selection of communes and setting of commune allocations that the SEILA Program can have the greatest impact on the poor. With the

establishment of the Commune Database in early 1999 and the review and improvement of poverty indicators, SELLA management will want to be tracking PDRC's commitment and ability to target poorer communes.

4.4.3. Role of Women

Observers at a village meeting will note that the majority of participants are women. This is true of most village meetings, as the men are usually busy working in the fields. However, when it comes to representation and decision-making in Cambodia, the women quickly become sidelined. The requirement that 40% of VDC members be women has been an important step to incorporate representation of a majority of the population that traditionally stands outside the village and commune decision-making.

The SEILA Program supports the Ministry of Women's and Veterans affairs at national, provincial and district levels. Between 1996 and 1998, more than 130 ministry staff attended training on gender awareness. In turn the Provincial Department of Women's Affairs staff conduct gender workshops for the VDCs and CDCs and assigns a Gender Focal Point who receives additional training.

Gender Focal Points have also been assigned in the departments, although their participation in meetings with the Department of Women's Affairs is low. A dilemma exists as to whether the department gender focal point should be high ranking or low ranking as high ranking officials are not liable to go to the meetings, and low ranking officials are not able to influence policy within their departments.

Other policies, such as the requirement that a gender assessment be completed for every project, are helping to bring women's issues into the limelight. At the District Integration Workshops, discussions on women's health and domestic violence are held for all to listen and participate in.

Despite all these efforts, program managers, staff, and gender focal points agree that the participation of women in the LPP is still low. Specifically, they are not active in decision-making with regards to LDF allocation and their presence at the commune level remains limited. At the end of 1998, only 21% of CDC members were women, below the 30% requirement. At the district level, the figure drops to 8%. Among government staff at the provincial level, women continue to represent a minority, only 19%.

One of the main constraints to grassroots women's participation is lack of confidence. The 1998 LPP external evaluation indicates that women feel shy about participating and believe

that members of the VDC should be well educated. However, participation increases as the proportion of women within a group increases, highlighting the importance of efforts to increase the proportion of women represented at the commune level.

Another important barrier to participation is lack of time: as mothers and often heads of households (25.3% nationwide),⁹ it is difficult for women to find the time to participate actively on a committee. Being on a CDC requires more time and the woman may have to walk a few

⁹ 1998 Cambodia Human Development Report, Ministry of Planning

kilometers to attend a meeting. It is not unusual for women members to become inactive or drop out of the committee when domestic demands on their time increase, according to the season. This constraint cannot be lifted, however, and the program can only continue to actively encourage participation.

However, exceptions do exist and with ongoing efforts, participation of women should continue to increase. In Banteay Meanchey, for example, at least a dozen VDCs are made up of a majority of women, 4 have four women members, and one is *solely made up of women*. Also in Banteay Meanchey, the Director of the Department of Women's Affairs was a Commune Chief for four years and a District Chief for four years. Although far more needs to be done, the project has made a major step in bringing the role of women into the local government/decentralization process

4.5. Attitudes of Staff, Officials, Community

The evaluation team was impressed by the attitudes of the CARERE and SEILA staff, including PRDC officials. The energy level in the program is high, and people are enthusiastic despite the large workload. The three PSO Managers interviewed are generally pleased with the level of support and open-mindedness of government officials. It is clear that the success of the program depends to a great extent on the provincial government leadership.

Encouraged by CARERE, government officials have taken important steps towards improving performance. For decades the Cambodian civil service has been a stagnant bureaucracy reinforced by a traditional culture of tolerance that does not tend towards measuring performance and removing staff when they are found incompetent. The rural structure has been further ossified by the long tenure of district and commune chiefs who were for the most part appointed in the early 1980s.

As the program has gathered momentum and begun to show the fruits of all the efforts that have been put, in the PRDC leadership in the three provinces visited has shown itself willing to break away from the traditions that have burdened the government bureaucracy. A rigorous performance evaluation of DFTs, PFTs, and TSS was conducted in 1998 and a

number of staff were returned to their line departments. The PRDC leadership has been willing to recommend to the Ministry of Interior that Commune Chiefs be replaced when their management styles was perceived to be blocking the LPP and participation in the development process.

At the district and commune level, officials have received the SEILA Program with open-mindedness. District officials are pleased with the district integration workshops attended by district officials, provincial and district department staff, and commune representatives. Villagers indicated that over time commune officials participating in the LPP are more accessible to villagers and more inclined to go out into the communities and listen to what villagers have to say.

The success of the SELLA Program in effecting changes in attitudes, motivation and capacity of government staff highlight the need and importance of civil service and administrative reform.

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Sustainable change, within the SEILA Program and in general, cannot take place within the government context until technical and financial resources are made available to government staff. The SEILA Program makes it clear that when they are, much can be accomplished.

4.6. Collaboration

Collaboration with other agencies in the LPP takes place at the central level in the form of Memoranda of Understanding with agencies such as the World Food Program. Negotiations are currently underway with the Social Fund, a World Bank project that also supports rural infrastructure projects.

NGOs are a natural complement to the LPP process as they play a role providing skills and resources to communities and they have more experience implementing non-infrastructure projects. NGOs are included in the LPP during the District Integration Workshops, where they too present their plans for target areas and interact with the CDCs to discuss possible areas for collaboration.

NGOs interviewed by the Evaluation Team that have close collaboration with the SEILA Program were very positive about the program. They cited added facility in organizing subcommittees, such as credit groups, as one of the benefits of working with the VDCs.

As NGOs in general initially viewed the program with skepticism, this is a testimony to the success of the program. However, it is the missed opportunities for collaboration that are noticeable in the number of NGOs that are not familiar with the program (usually the ones who are skeptical). While the Evaluation Team recognizes that SEILA has already made efforts in this direction, more efforts are needed to reach out to the NGOs and help them understand how SEILA and NGO resources can be pooled together, notably in strengthening the skills of the VDCs and CDCs.

Within the program, SEILA has identified collaboration with monks and traditional leaders as opportunities for strengthening the LPP and is already working towards increasing relationships with these groups.

4.7. Assessment

4.7.1. Implications for good governance

The success of the LPP model has direct implications for good governance. Participants at the grassroots level learn to articulate their needs, allocate resources and practice accountability, important prerequisites for good governance. Government officials also learn facilitation and planning skills, and practice listening to and negotiating with the CDCs.

The interaction between government and civil society, in a sense the heart of the LPP, occurs at the annual District Integration Workshops. The workshops allow commune representatives to

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interact with provincial department officials, learn about department policies, and negotiate the use of resources allocated to the departments.

The SEILA Investment Program (SIP), which makes resources available to the government departments, plays an important role in the success of the LPP even though it falls outside the LPP itself. Without these resources, government officials would be empty-handed and there would be no reason for negotiation.

4.7.2. Capacity of VDCs and CDCs

Once the new VDCs and CDCs have been selected in a commune, they are brought together to the commune center for three days of training for an overview of the LPP and basic concepts of community development. They also attend various training workshops organized for them by the SEILA Program, including human rights education and gender awareness,

Starting capacity of the VDCs and CDCs is usually very low, as they have little education and no previous experience using data collection tools and/or developing plans. As a result, facilitators sometimes take a dominant role in the local planning process.

The capacity of VDCs and CDCs increases significantly as they go through more cycles. Notable changes include improved communication and analytic skills. From one year to another, changes in commune chief presentation skills at the district integration workshops are marked as they move away from simply reading off a flipchart to facing the audience

and providing explanations. As CDCs mature, they are able to provide orientation to new CDCs in a commune-to-commune approach being tried in Siem Reap.

CDCs also gain more confidence, daring to move away from allocating one project to each village to looking at overall commune needs. Confusion over the allocation process continues to be cited as a problem area. This could be reduced by the provision of simpler guidelines and limited criteria.

Improvements in the capacity of CDCs and VDCs should increase their legitimacy. This is important for the committees to have the support of villagers for development planning. In Doung Treng village of Preah netr Preah, villagers and the CDC Chief stated that if they did not get the bridge they wanted through the LDF, they would form a "special committee" with better links to relatives overseas and in the cities, to build the bridge from private donations. They said the VDC could not do this effectively. Clearly the VDC in this village is only a means to LDF funds, not a generic development committee.

Planning tools used in the LPP include village maps drawn on the ground, commune maps drawn on flipcharts, and tables used to prioritize needs and projects. These tools are simple, but they are appropriate to the context and represent large strides in conceptualization and analysis for the participants. New committees have more difficulty with the concepts and tools and tend to rely on the facilitators for assistance. CDCs that have been through two and three cycles are much more comfortable with the tools and they are generally considered able to do adequate planning and design projects that meet the priority needs of the population.

4.7.3. Sustainability of the LPP Structure

The LPP has potential for institutional sustainability. The government staff manages the organizing of the VDCs and CDCs elections, and subsequent training and planning activities. District representatives are enthusiastic about the integration workshops and play an active part in them.

Program staff continuously seeks new ways to enhance learning. For example, in Siem Reap, the districts include non-target communes in the District Integration Workshops in order to give them some exposure to the process. Non-target area commune chiefs interviewed at two district integration workshops were enthusiastic about learning about the process, although naturally desirous of having access to resources too.

Concerns about the sustainability of the LPP structures center on:

- In-house capacity of the facilitation team to upgrade their facilitation skills and train new facilitators (see capacity-building of VDCs above);
- Current insufficient staff to cover an increasing workload and attain full provincial coverage;
- Potential institutional memory loss after a new round of VDC

elections. 4.7.4. Focus on Commune Level

SEILA management is shifting the focus of the program to the commune level. This makes sense in light of limited resources and the expectation of an upcoming Commune Administration Law, but has important implications for participation. As it is now, villagers have little knowledge of commune development committees and the allocation process. This situation will be reinforced in the model currently being tested in Siem Reap that replaces the VDC with two village representatives, narrowing the lines of communication within the village.

In fact, not all "village" projects are isolated efforts. There are cases of larger project that might appropriately be called "commune" projects being split for funding purposes into village-level projects. This is because VDCs receive a contract administration fee and are responsible for collecting the local contribution and for organizing labor.

In preparation for the next phase of SEILA, the team recommends a review of the long-term objectives of the LPP with regards to village participation and a clarification in policy to avoid unreasonable expectations with regards to participation.

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A limited number of village have maintained a practice initiated under the previous socialist regime of community rice fields that are distributed each year to villagers through a lottery system. When the harvest is reaped, the farmer pays a fixed amount to the village. In Ankeal Boh Village, Koh Pongsat Commune in Banteay Meanchey, for example, the 10 hectares of community rice fields provide an income of 20,000 Baht (US\$526) per year to the village. This money was used for the community contribution to the LDF project. This model could have important implications for future community activities with the enactment of the Commune Administration Law, which is expected to give communes the right to raise their own resources. .

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5. Findings: project design, implementation, and outputs

The institutions involved in the SEILA Rural Development Structure (Village Development Committees, Commune Development Committees, and Provincial Rural Development Committees) have overseen about 1,300 local projects valued at about US\$ 3.8 million. Local support in the form of cash contributions has totaled US\$500,000, or 16% of total project costs. Projects completed under the LDF represent approximately 8% of total CARERE activities.

5.1. Institutional support and incentives

The Royal Government has very little ability to finance development activities and is primarily dependent on donor funding to implement its development plans. The extent to which the LDF, in the context of the SEILA program, can serve as a model for a universal decentralization and planning policy relevant to both donors and all levels of government is very important.¹⁰ There is evidence that this is indeed happening.

In 1999, the Royal Government made a significant contribution to the LDF of US\$215,000. The Government has now announced it will double this amount, to US\$500,000, for the year 2000. Other official support has recently been announced by Ratanakiri province, which has decided that line departments contribute 10% toward LDF projects, and Battambang province, which has committed to contribute 20% toward a road maintenance fund.

Other donors too have contributed to the LDF. The World Bank has added US\$500,000 million to the LDF for reconciliation programs (and another US\$ 1.1 million to other programs through the SEILA financial system). AusAID is also contributing to reconciliation programs through the LDF, with A\$500,000 going to Pursat and Battambang provinces through the SEILA financial system. IFAD is using the LDF to channel US\$8.6 million over five years into existing SEILA provinces. These sources of support will form the basis for the proposed Decentralized Development Fund (DDF) that will eventually be used to channel funds from other sources.

5.2. Delivery of rural

infrastructure 5.2.1.

Sectoral allocation

The sectoral allocation of LDF funds has overwhelmingly favored transportation works, which make up more than 40 per cent of the total. Irrigation, water/sanitation, and building (mainly schools) projects make up the balance. Most of the non-infrastructure projects (mainly rice banks and buffalo banks) are in Pursat and Ratanakiri, where they account for 43 and 74 per cent

¹⁰ Charny, J. "Issues for Decentralized Planning and Financing of Rural Development in Cambodia", UNDP/CARERE, ca. 1998

of the totals respectively. The table is derived from provincial LDF databases that were updated in September 1999. Detailed breakdowns of provincial allocations by year are shown in the Annex VII.

Table 2

Sectoral Allocation of Projects, all provinces, 1996-1999

Type	Number	% of Total Number	Total Cost us \$	% of Total Cost	% Local Contribution
Buildings	162	9	582,511	16	15
Irrigation	161	9	305,650	8	18

Roads / bridges	695	40	1,673,308	45	17
Water I sanitation	459	26	640,332	17	17
Non-infrastructure	279	16	522 335	14	13
Total	1,756		\$3,724,135		

One possible explanation for the large proportion of road projects is the fact that villagers were able to implement labor-based road construction themselves, in effect generating local employment. Now that VDCs can no longer pay local labor in cash, the proportion of these types of projects has fallen.

The sectoral breakdown of projects has been questioned in some provinces. Non-infrastructure projects such as rice banks, agricultural machinery, and schemes to provide draft animals are potentially the most controversial with respect to their nature as either private or public goods. There is always the possibility that these projects will become private property, or at the least are monopolized by a few people. There is in fact some evidence that this has begun to happen in Cambodia.¹¹

The Evaluation Team was not able to observe any non-infrastructure projects during the mission. However, based on evaluation reports and experiences in other countries, these do not seem the best targets for LDF funding. Small-scale economic development and micro-credit schemes such as these require an entirely different planning process and project management structure than are present in the Cambodian LDF. Rural infrastructure is not directly productive by definition, and is well suited to an annual representative planning process. The kinds of noninfrastructure projects that have been pursued in Pursat and Ratanakiri need continuous management, guarantee schemes, and participation incentives. Without them, such projects are likely to fail (in the case of credit) or become private property (in the case of machinery and animals). If this happens, the long-term success of a participatory decentralized planning system will be jeopardized.

The district integration workshops are working to improve the sectoral allocation of all sources of funding, by making line departments consider work plans and sources of support for a commune at one time. Sectoral targets for types of infrastructure exist in all the line departments. For example, there are official standards for the number of classrooms per capita, or the number of wells per household. The PRDC have a role in integration at the provincial level through their oversight responsibilities, and this role should be exercised as early in the

¹¹ Biddulph, R. Independent Monitoring and Evaluation of the SELLA Local Planning Process: Final Report, 1999c

planning process as possible. The annual production and review of Commune Development Plans would be a good time to reinforce project approval criteria and guide CDCs and VDCs in project selection. Since these responsibilities will increase with the establishment of a decentralized development fund, such activities under the LDF will provide a good basis for proactive sectoral planning.

5.2.2. Cost Effectiveness

The introduction of bidding procedures has led to significant cost savings on village level projects.¹² As of mid-1999, nine of eleven communes in Battambang Province had carried out a bidding meeting. All other provinces are implementing bidding this year as well. Cost savings after bids average from zero to about 6 per cent of the estimate in Battambang depending on the category of project, as high as 10 per cent in Banteay Meanchey, and up to 21 per cent in Siem Reap. Although this comparison is only to the engineer's estimate, it is the best indicator available of cost effectiveness. A summary of cost savings by project type is shown in the table below.

Table 3

Project Cost Savings Resulting from Competitive Bidding				
	Type	Number	Total Cost	Savings
Battambang				
	Buildings	4	16,085	-3
	Irrigation	10	14,944	-2
	Roads	74	168,402	-4
	Water	3	4,029	-9
	Non-infra	5	46,865	0
Siem Reap				
	Buildings	6	9,500	-21
	Irrigation	12	12,151	-13
	Roads	40	84,548	-11
	Water	36	31,479	-9

Comparable data on construction costs from other providers were not available during the evaluation mission. Provincial departments of public works were unable to provide cost data to the Evaluation Team, and the private sector contractors that were contacted did not have enough experience to describe "typical" unit costs. Unlike Vietnam, standard rates for public-sector construction do not exist in Cambodia, so there is no published basis for comparison.

The Social Fund of Cambodia provides the closest comparison in terms of rural infrastructure. However, Social Fund data are not given in unit cost terms (e.g., dollars per kilometer of road)

¹² Biddulph, R. "Battambang Province Feedback Report", Independent Monitoring and Evaluation of the SELLA Local Planning Process, 1999a; Biddulph, R. "Banteay Meanchey Province Feedback Report", Independent Monitoring and Evaluation of the SELLA Local Planning Process, 1999b

Fund primary schools built in Battambang and Pursat averaged \$21,400 each, whereas LDF primary schools in the same provinces have averaged \$2,000 to \$3,000 per room for new construction of two to three room schools. Since rural primary schools are roughly the same size everywhere, size may not explain all of the difference. And although the Social Fund Schools may well be better built, standards are unlikely to account for order-of-magnitude differences in cost. The conclusion is that competitive bidding is having a positive effect.

5.2.3. Procurement

Two important innovations have been introduced to public-sector contracting through the LDF project. They are pre-qualification of contractors and competitive bidding for contracts.

Pre-qualification has been piloted by Siem Reap province. Contractors apply to the ExCom to be listed, based on their documented experience, tax payments, legal status, equipment inventory, history, and references from past work. They are then graded by category (roads, buildings, etc) and by maximum size of contract (0-5,000, 5-10,000, \$10,000 to sky) for which they are allowed to bid. There has not yet been a case of any legitimate contractor being rejected, though two or three government staff (who are prohibited from engaging in public works) have been rejected. There are currently 33 contractors on the list.

The list was originally intended to simplify and make transparent the process of contractor selection. There had previously been a system of large pre-bid deposits, advance payments, and retention payments; plus a practice of project owners eliminating contractors based on rumor and side payments but stated as "experience". Staff and project owners in the province say it has achieved its aims.

The list of pre-qualified contractors should also be very important in enforcing quality. It is difficult to force someone to re-do poor work but easy to give them demerits and prevent them from future work. According to project owners, CARERE staff, and contractors, the system increases both cooperation and quality.

Competitive bidding is even more revolutionary. The bidding meeting that the Evaluation Team observed in Malai district of Banteay Meanchey province was very well run. Sealed bids were opened publicly and evaluated using four criteria and a weighting system that had been previously agreed by the council. However, the evaluation table used there may be too complex, even in its simplified form, for many officials to apply. In fact, DFT staff led the evaluation in Malai.

The criteria used in Malai included price, experience, equipment, and project duration. They were combined using a weighting system that effectively downgraded price to the least important criterion. Prices were indexed to the lowest bid, resulting in a range of 5.71 to 6 for the six bidders. All other criteria were ranked, resulting in a range of 1 to 6. Each criterion was then multiplied by its weight, in this case 70% for price and 10% for others. As a result, the final scores for price ranged from 399 to 420, instead of 70 to 420 as they

would have if ranked. The

total score for the winning contractor was 559. In this system, even large differences in price were easily outweighed by a difference of 2 ranks on other criteria. The lowest bidder did not win the contract.

Furthermore, villagers and commune officials often do not have the information required to evaluate a contractor's experience. In Siem Reap, only price is used to evaluate bids and all other aspects are considered in either the contractor's qualification process or assumed part of the contract. For example, it does not matter if a contractor actually owns a cement mixer, since one can be rented. Therefore, equipment inventories are irrelevant to the bid as long as construction supervision practices ensure use of the right equipment on the job. This simplification should be effective as long as contractors are pre-qualified.

Pre-qualification has the additional advantage of providing leverage over contractors to do good quality work on time. Siem Reap currently has 28 contractors on their list for various categories of work. No one has ever been refused a listing, though some have been removed after not meeting the minimum conditions and others may be removed for unacceptable practices such as price fixing.

In addition to capacity building for technical staff and government institutions, the CARERE staff has also been building capacity among contractors. The infrastructure staff of the PSO has used a proactive approach and holds meetings to ensure contractors are familiar with bid requirements. They also devote considerable effort to ensuring contractors and TSS appreciate the requirements of the technical designs and specifications.

Problems with bidding may arise when communes or projects are small. Some communes report difficulty attracting bidders when there is little private enterprise in their areas and insufficient incentive to attract bidders from further away.

There is currently a weak connection between work progress and payments to contractors. Payments should be tied to model schedules and milestones that could be included in the design templates and standard specifications. Although payments are currently linked to the inspection program and evaluation reports, the relatively low capacity of the TSS and their high workload mean that the inspections are either cursory, or become a bottleneck that constrains timely payments.

5.2.4. Technical Quality

The technical quality of projects varies but in general is good. The CARERE infrastructure staff in Battambang and Banteay Meanchey have checked over 90% of projects completed as of mid-1999. Overall, more than 80% of projects were judged acceptable, 18% have problems but can be fixed, and only 2% are unacceptable.

Table 3**Project Quality Assessment**

Grade	Battambang	Banteay Meanchey
Good quality, meets standards	45%	25%
Small problems but OK	43%	56%
Poor quality, can be improved	12%	17%
Unacceptable.	1 %	2%
Projects checked	93%	96%

The technical quality of projects varies by type. Labor-based roads have not been very good. This method of construction is not a good option unless VDCs have prior experience. Concrete work is variable. Building work is generally of a good standard.

Reasons for variation in technical quality include the implementing organization, level of supervision, and previous experience. Contractors have typically built better-quality projects than have VDCs, though this depends greatly on the competence of individual contractors. When VDCs have built their own projects, the quality has often been poor. This has been especially true of labor-based road construction. The exception is roads built by VDCs by laborbased methods in areas where people have previous experience with ILO road projects that use the same methods. Construction supervision should be a daily activity when local capacity is low, but involvement by Technical Support Staff is necessarily limited. Each TSS member may cover 10 villages and thus be able to visit a project under construction only two or three times. Another reason for poor quality in the past may have been a conflict of incentives when VDCs are both contractor and client. This situation rarely arises now, as VDCs are no longer allowed to implement their own projects.

The technical support staff does not usually carry out the required post-completion evaluations. TSS are very busy, and management does not ensure they get done, so evaluations are lower priority. TSS should enter the evaluations into the LDF database, and CARERE has developed spreadsheets to help them do this. In practice, only the TSS team leader is able to do it.

5.2.5. Operation and Maintenance

Maintenance of projects is a perennial problem for all rural infrastructure, and this is especially true in Cambodia. The Evaluation Team visited many projects that were initially constructed to an acceptable standard, but were deteriorating after only one or two years without adequate maintenance. Roads become impassable after a couple of rainy seasons, fences around ponds fall down, and water pumps break.

Ensuring that maintenance is carried out requires clarity about the roles of project owners and local government (communes and villages) after the completion of infrastructure projects. Before new infrastructure projects are started, VDCs and CDCs are required to

present maintenance plans (including financing) to facilitators and support staff and to form maintenance committees. Follow up is required to make sure these committees do their job.

Maintenance can indeed be successfully organized locally. A road that totals 9.3 km in Phnom Sampou commune of Battambang province was built under the SEILA program for sectoral support using ILO labor-based methods. The people who live along the route now have plans to maintain it themselves, even in the long empty stretches between villages. VDCs arrange maintenance using unpaid workdays. This area is a prime orange growing region and people value the road for market access. So they have set up checkpoints that allow them to collect tolls from trucks using the road, and to close the road during the rainy season when needed. Materials for repairs are bought using tolls, and the provincial authorities have also helped by soliciting contributions from the big trucking companies that are active in the area.

The Evaluation Team heard little evidence that these committees were active, though some discussed plans to begin raising funds. Some maintenance funds are collected on an ad-hoc basis in some areas but are used to respond to immediate problems. Enforcement of collections, especially for transient road users, would be a big help.

On general principles, operations and maintenance can be funded from either general revenue or from user fees. User fees are appropriate when users and their activities are readily identified. For example, trucks are relatively scarce and impose heavy usage, so can be charged road tolls. But ring wells benefit a large number of people frequently, and are more appropriate for general fund raising.

5.2.6. Project Management

There is a need for careful oversight and clear guidelines from line departments, to be used in both feasibility studies and integration workshops. For example, there should be no short road segments that don't connect to a network. But for most project owners, the first they hear of these is at the integration workshop. If their project is rejected, there may not be time to prepare an alternative. The Executive Committee should ensure project oversight at the approval stage.

The standard designs for projects have widespread support. That said, more templates with greater variety are needed to suit local material availability, soil conditions, and hydraulic conditions. Roads and schools are standard enough and so have few problems, but irrigation structures vary a great deal. Although there already exists a very impressive set of templates, in terms of both quality and variety, there is a need for more.

The need arises mainly because technicians don't know how to vary templates and re-work the calculations. Only 2 or 3 really understand them and some of the rest even have a hard time reading plans. So they either apply them as is, which may not be the right thing to do if they should be adjusted, or make mistakes when adjusting. This implies that further training is needed. It is clear, however, that no amount of on-the-job training will turn

them into fully qualified design engineers.

Creation of project management committees is required as a means to ensure better quality control through supervision and certification for payment.¹³ Some project owners at the village

¹³ Biddulph 1999c

level are capable of assisting with supervision. For example, people can be easily trained to count bags of cement or truckloads of laterite. They should be helped to take on more of this responsibility.

Project payments to contractors are currently made after transfers from the provincial level to the CDCs. In some provinces, there is no linkage to actual work progress, whereas in others there are agreed schedules. The majority of technical support staff has recommended that payments to contractors be made conditional on satisfactory progress reports.¹⁴ In Siem Reap, payments are made at 50%, 80%, and 100% of completion. This requires enforcement of the system of inspections and evaluation reports and works well when it is applied consistently.

5.3. Decentralized Financial Procedures

Under the new SEILA financial system, all project implementation contracts will be through the PRDC Executive Committee, which will be responsible for management of all investment funds in the province. This system makes use of the intergovernmental transfer system to manage a Decentralized Development Fund for sectoral support and the Local Development Fund at the commune and village level. This is illustrated in Figure 2.

The most significant change from the previous financial system is that PRDC Executive Committees will be responsible for management of all investment funds in the provinces, whether they originate from the national budget or from external sources. They will also have significant influence over line department activities through their financial oversight.

The biggest advantage of the new system is that provinces and CDCs can pay contractors directly through their bank accounts, or in cash if they wish. The funds stay under regularized financial management procedures that are subject to internal and external controls. There are effectively 4 levels of control, including the Ministry of Economics and Finance auditors, an internal auditor appointed by Governors, external auditors that may be appointed by CARERE, and the CARERE PSO financial units.

The disadvantage of the new system is that most VDCs and many CDCs may not have the capacity to manage these financial systems without assistance. Since the system is only just being implemented in mid-1999, there will be an ongoing need for financial training at all levels. A review of financial systems may also be necessary at the beginning of every

project.

Apparently because of the limited capacity at lower levels, provinces have decided to pay contractors directly, after certification of progress and completion from the CDCs. This solves a problem for CDCs caused by the complete absence of banks in two of the provinces. However, it is not clear if it reduces or increases the risk of LDF funds being misused. There have been cases of various actors withholding a percentage of payments when they are made in cash. Such activity becomes impossible if cash is not used.

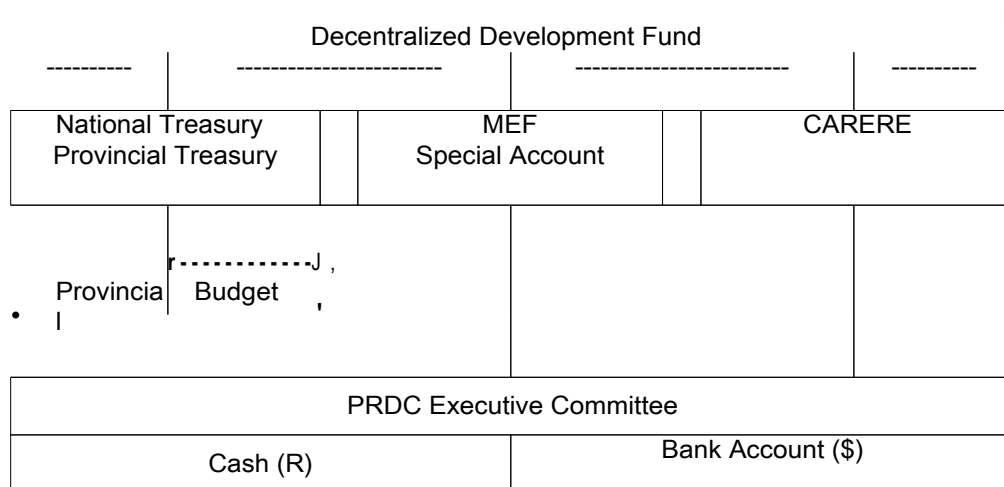
¹⁴ Crossland, A. "2nd Local Planning Process Review", Banteay Meanchey Provincial Support Office, August 1998

Figure 2

SEILA Financial System

However, there is also a positive argument to be made in favor of project owners making sure

RGC Budget (R)



							CDC (check)	
	CDC (cash)						~,	
				Line	Depts.			
	VDC (cash)						VDC (cash)	
Contractors								

that the full amount of cash gets to the contractor, as they may feel they have no control or accountability if payments are made on their behalf.

In either case, there is no way to prevent kickbacks being requested. But CARERE staff emphasized that there is an important difference between officials being able to hold back a percentage, possibly on some pretext, versus asking a percentage to be returned to them. The former is certainly easier and possibly more in keeping with traditional practices.

The key to resolving this dilemma is the process of payment certification. There remains work to do to convince communes, and some technical staff, to accept certification rather than payment as the key aspect of their control over project completion and quality. Many officials remain apprehensive about signing official forms regarding payments, for fear of errors or blame

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assignment. But once it is accepted as an official responsibility, with the attendant checks and balances from the provincial Finance Unit, certification should become routine.

Although the system is very new, finance officials in the provinces reported that they believe the new system will be safer and more efficient than previous practices. With disbursement managed by the PRDCs, there is a chance that direct payments could lead to delays in payments when either the certifying or approving officers are absent. However, all provinces should have appointed alternate officers.

The recent external audit of the SEILA financial system concluded that the basic financial procedures at all levels are simple and effective.¹⁵ The audit also found no evidence of corruption at any level in the LPP. There were several key points noted in the report that have been addressed by the most recent revision in the SEILA Financial Manual. These include reinforcement of review/authorization/certification procedures, better links to budgets and plans, and better accounting.

Policies for internal auditing, and the person responsible, should be clarified in the provinces. Since the system is only just being implemented in mid-1999, there will be an ongoing need for financial training at all levels. There is also the problem of no functioning banks in some provinces and the resulting requirement that the PRDC manage disbursement.

5.4. Monitoring and Evaluation

The goal of the monitoring and evaluation (M&E) system is to provide information that enables CARERE and the Royal Government to manage the project, assess achievements, and track progress against objectives listed in the project logical framework.

After a slow start, mainly caused by difficulties in finding a suitable advisor after the early departure of the first M&E advisor, an overall M&E framework was formulated. It details the purpose and objectives of M&E, definitions, basic principles, CARERE/SEILA policy and research questions, and the M&E tools and systems developed to carry out the tasks. A dedicated M&E advisor has been working specifically on the LPP/LDF project in Battambang and Banteay Meanchey since October 1997. Consequently, development of the project information systems and databases is behind schedule. However, for the past year, the CARERE M&E Advisor has been working to consolidate the M&E tools into one system.¹⁶

Because SEILA/CARERE is a large and complex program, the current M&E system is necessarily ambitious and aims to generate both policy and operational lessons during project implementation. It is designed for several different tasks: monitoring of CARERE work and performance, monitoring of PRDC work and performance, monitoring of the local planning process and outputs, and monitoring of LDF projects. The components of the current system are

¹⁵ Price Waterhouse Coopers. CARERE/SEILA Programme Financial Management Audit: Local Planning Process Local Development Fund. September 1998

¹⁶ CARERE2 Mid-Term Evaluation, July 1998, UNDP

not well connected and the information collected could be better used in the analysis of the program. The M&E Advisor and provincial staff are however working to consolidate the tools into one system.

Monitoring and evaluation work plans have been prepared at several different levels within the overall SEILA/CARERE project. An overall M&E work plan covers the entire SEILA/CARERE project. Within that framework, work plans identify the "LPP Sector" which includes quality assessments of LDF projects and observations of the IPF allocation process. Some related items also turn up in other sectors within the M&E

plans, such as LDF database training under the Management Sector.

A special M&E framework for the LPP has been developed within the overall CARERE work plan.¹⁷ Tools that have been developed specifically for the LPP include the LDF and RDS databases; capacity assessments; and special studies into the LPP, LDF allocation, resource mobilization and collaboration, civil society strengthening, financial management; and finally the annual internal reviews and external evaluations. This framework for the LPP/LDF includes indicators, means of verification, reporting schedules, and evaluations.

Despite the somewhat fragmented nature of the formal M&E plans, there has been a great deal of very good monitoring work done." For example, internal studies of the IPF allocation process are thorough, covering both procedures and quantitative analysis of results. From the perspective of the LDF and LPP, the most important information resources are the LDF projects database (for outputs and numbers of beneficiaries) and the Training database (for capacity building). These sources are detailed and comprehensive. Given that M&E originally had a negative image as a "policing" activity, these are significant achievements.

In addition to regular program and financial monitoring, the experimental nature of the program requires that the systems being developed are regularly assessed and adjusted. For example, each year representatives of all levels of the rural development structure (down to the VDCs) review the local planning process, identify training needs, and make recommendations for changes. As a result of regular monitoring of the LPP, the Banteay Meanchey PSO has recommended that it be reduced from 21 to 15 steps. This revised process is being tested in the 1999 cycle for new target communes in the province. The reconciliation program in Siem Reap is testing a similarly reduced LPP.

Impact assessment is the weakest area within current M&E activities, mainly as data for impact assessment are simply not available. The Commune Database provides a snapshot of one point in time, but is not yet updated regularly. Therefore, evaluation of socio-economic impact is impossible from this source, but it does provide a baseline for eventual comparison. There are other sources of sample data in Cambodia, mainly produced by for specific purposes, which provide useful baseline data but with limited geographic coverage and smaller samples.¹⁹

¹⁷Pietersen, I., Local Planning Process Monitoring and Evaluation Framework Proposal, October 1998

¹⁸Biddulph 1999a, Biddulph 1999b, Pongquan 1998, M&E and LCB Staff 1998

¹⁹Cambodia Socio-Economic Survey 1997, National Institute of Statistics; Cambodian 1998 Baseline Survey of CASD Project and WFP Target Areas, UNICEF-WFP; Protracted Emergency Targets Survey 1998, WFP;

However, no other source of data is disaggregated to the village level with a broad enough coverage to be useful for impact assessment of the LDF project.

Monitoring of specific output sectors is even more difficult. There is no complete inventory

of roads or any other category of rural infrastructure in Cambodia. It is therefore impossible to compare new construction under the LDF to the facilities that existed before the project, nor is it possible to make comparisons between target and non-target areas. Nor is there unit cost data (e.g. dollars per kilometer of earth road) available from ministries or other development organizations for comparison.

In Siem Reap province, a new experimental procedure for the formation of CDCs has been proposed that will include village representatives. These representatives will verify and update data in the village database. The DFT/PFT will facilitate and train the villagers in this exercise. This could be the beginning of an ongoing localized M&E capability.

At this stage, most of the monitoring and the production of reports is managed by CARERE PSO staff, though there are plans to transfer responsibility for M&E to the PRDC and active efforts in several areas. CARERE staff have been working closely with provincial departments of planning to develop and implement monitoring of the Provincial Development Plans, SEILA Investment Plans, and integration workshops. The provincial departments of planning have also taken over responsibility for the Commune Database, and villages and communes have responsibility for annual collection of data and monitoring of their projects. Contact persons in the RDS include an M&E Assistant at each PSO, focal persons at each provincial department, and an M&E unit within the ExCom Secretariat.

The ITAD Evaluation Report commented that M&E systems are too complex for a local development project. Certainly the reliance on CARERE staff cannot continue if provincial departments of planning are to take over data collection and analysis. But for such a complex policy experiment this complexity was probably warranted.

Household Survey of Management of Freshwater Capture Fisheries of Cambodia 1995-96, Mekong River Commission

6. EVALUATION OF IMPACT: OVERALL PROJECT RELEVANCE AND EFFECTIVENESS

6.1. Institutions

6.1.1. Provincial Level Institutions

6.2. The local planning process

The LPP has always been open to other "financial windows" besides SEILA. There is now considerable interest in using the LPP for planning and coordination of multiple sources of investment in villages and communes, through a Decentralized Development Fund. This is

supported by recent decisions by the Royal Government, IFAD, and World Bank to capitalize the LDF for new projects. Since there now exists an intergovernmental transfer system to the PRDCs, through the Treasury, separate from CARERE/UNDP/LDF as part of the SELLA structure, the LPP could become *a universal* process for selecting priorities from *any* source.

The local planning process can also eventually form the basis for integrated planning at all levels within provinces. There are already resource allocations being made more often at the commune level than at the village level, and the integration workshops are considering sectoral and outside support as well as LDF funds in their decision making. Eventually this process may form the basis for integrated provincial development plans.

The experience to date has been that the LPP process has been modified in each of the SEILA provinces to suit the local context. In the next phase of the project, it will be important to begin developing a general framework for national guidelines that still allow local flexibility.

6.2.1. Factors of Success

- To ensure participation, dialogue and accountability, the LPP is necessarily complex. The establishment of clear guidelines for procedures that have been drawn up for the LPP are important factors in giving VDC and CDC members an objective basis for decision making and a justification that can be made clear to everyone of why projects are selected. While these guidelines need to be improved, the Evaluation Team recognizes that much of the success of the LPP is due to the efforts of the SEILA staff and the practice of continuous review and improvement of the LPP
- The availability of resources to government departments through the SEILA Investment Program (SIP) plays an important role in the success of the LPP even though it falls outside the LDF. Without the SIP, the program would be out of balance and the success of the District Integration Workshop would be greatly limited.

- The introduction of the District Integration Workshop, with the participation of CDCs, departments and NGOs, greatly enhances the ability of the LPP to foster an integrated approach to the development of the commune.

6.2.2. Transition Strategies for Mature Communes

One of the questions the program has to deal with is to what extent the support of the facilitators can be reduced. A number of factors come into play around this issue that require consideration in elaborating a long-term strategy for support to the communes.

First, if the program is required to increase its coverage additional facilitation support will

be needed. Adding more facilitators will only be possible if more resources become available. The capacity of the facilitators is already stretched as it is.

Second is the issue of how new elections will deplete the skills of the VDCs. At the time of this writing, re-elections have only taken place in the provinces of Battambang and Pursat. While all the data is not in yet, it appears that in a number of villages all the VDCs members chose not to stand for re-election, usually because of other domestic demands on their time. If this turns out to be a trend, it will have important implications for the need for facilitation. If the committees lose their institutional memory, facilitators will find themselves training committees from ground zero. The option of staggering the election of members was discussed, but the facilitators said that staging elections more often than every three years would also make demands on their time.

This subject merits further consideration. Possible solutions include a period of overlap between newly-elected and outgoing members to facilitate transfer of institutional memory, activities that invite occasional participation of former members, or providing facilitation skills to one or more villagers. Finally, the shift to the commune focus and the creation of the Commune Councils will undoubtedly effect changes in the way facilitation is managed.

Given these considerations, at this time, the Evaluation Team is not in a position to make specific recommendations regarding a strategy for reducing support to the communes. However, as more information becomes available over the next year it will be important for the program to formulate a long-term strategy for support to the communes as the question is bound to come up regularly.

6.2.3. Resource Allocation

The use of objective criteria for poverty and population for IPF allocation is becoming established but needs further improvement. CDCs need ongoing training in use of data and methods.

Allocations at both commune and village level should be weighted by actual population, and not simply the number of villages. Poverty criteria need refinement and probably simplification, but further statistical analysis is required to make a recommendation.

A weighted average of the poverty ranking and population is currently used at the provincial level in two provinces but not in three provinces. Since only a few criteria are used in practice at the commune level, and capacity for more sophisticated methods is low in most places, a small number of simple criteria could be adopted as the standard. Consumption-related variables such as housing condition, motorbikes, or household equipment are equally good as indicators of relative wealth and poverty.

A different way to assess village poverty is to use a matrix ranking as part of the participatory rural appraisal process. In this approach, villagers are asked to rank the poverty of all other villages in their commune in a public meeting. This has been used

successfully in Vietnam and seems to generate widespread public understanding and acceptance of the outcome.

Infrastructure indicators should be added to the criteria for allocations. Current poverty indicators such as the number of children attending school may actually reflect transportation problems instead. An inventory of classrooms relative to population, all-weather roads, and safe drinking water sources would be sufficient, and would have the advantage of being a normal responsibility of line departments and regularly updated at the start of the annual LPP. Since the LDF is intended to fund rural infrastructure, allocations should consider the existing state of similar public facilities.

The IFAD evaluation notes a potential conflict between a bottom-up village planning methodology and planned poverty targeting by higher levels of government. This conflict has been ignored in the allocation process that attempts to target poor communes. It will always be the case that there are well-off families in poor communes and poor families in better-off communes, so this conflict will always exist in any methodology that relies on aggregate data. Unless planning and project interventions can be targeted at individual families, it is unresolvable

6.2.4. Monitoring and Evaluation

M&E work plans now identify separately the outputs of the LDF process to allow impact analysis of this project. Given the current importance of the LPP in the overall CARERE program and the fact that it was derived from the Local Development Fund approach, it is important to assess the contribution made by participatory methods. Items recommended for monitoring should include a range of UNCDF-recommended key performance indicators (KPIs) for good governance and institutionalization of planning.

While the evaluation team is impressed with the activities observed in the field, observation and qualitative reports are not a substitute for concrete information when it comes to measuring impact. Although an impressive array of information was collected at the grassroots level at the establishment of every VDC, a second round of data collection has yet to be conducted in most areas, limiting the Evaluation Team's ability to discuss impact.

Data for impact analysis must be collected and regularly updated as part of the annual planning process. Since there is an annual review of development plans at the village, commune, and province levels, data from the Commune Database could also be updated at this time. The

simplified subset of questions recommended for reconciliation programs in Siem Reap is a move in the right direction. The results will most likely reinforce the positive impressions of the various evaluation teams and add legitimacy to the project.

Key performance indicators that relate infrastructure provision to national standards

should become part of the LDF database. As a complementary activity, TSS must be required, and given realistic opportunities, to carry out the post-completion reports.

6.2.5. Considerations for the Future

SEILA staff, both government and CARERE, play many roles within the LPP: innovation, implementation, training, establishment of systems, and documentation. The SELLA staff has performed well under pressure. Now faced with a situation of dwindling resources and limited technical assistance, they are being asked how they can move to scale.

An important aspect of consolidation is in-house capacity to build skills. Each province has on average 50 to 60 provincial and district facilitators. It is not clear that CARERE is focusing on building capacity at the provincial level to train new facilitators as the program expands or as facilitators are replaced. It will not be possible to further reduce the need for CARERE LCB staff until this capacity is established.

6.3. Delivery of rural

infrastructure 6.3.1.

Project Impact

The projects that are being completed have passed their first and possibly most important test. They are widely believed by beneficiaries to meet their needs and improve their situations. Roads have opened access to isolated areas, making possible better marketing of local products and improving prices for local people. Roads and bridges are also enabling more children to go to school regularly. Irrigation projects have raised yields and in some cases allowed a second annual crop. As a result of perceived positive impacts, people have been making their local cash contributions regularly and in some cases raising them every year.

This evaluation of the overall project should include quantitative evidence to support these impressions of the impacts of infrastructure projects. Field interviews and qualitative statements in internal reports certainly tend to support them. As discussed above, however, the information systems and existing data do not yet permit such impact assessment. Now that a baseline exist, ongoing monitoring make such assessment possible in the future.

In Siem Reap province, villagers in Dan Run commune province have combined their LDF allocations to build irrigation structures along the '78 Dam, a Pol Pot era dike several kilometers long. Their projects have been mostly culverts with gates and a larger bridge/gate. Water is stored for dry-season rice, which they could not otherwise grow. This has created a crop where none existed before. The new culverts and

gates have improved the farmers' ability to regulate water. Five villages benefit from this scheme, so it is in effect a commune project, and a water user group operates the gates. The group taxes members for operation and maintenance, and has included the new structures in their maintenance plan.

The Evaluation Team believes an evaluation of the overall cost effectiveness of the LDF project to be an impossible task within the constraints of the Evaluation Team. It is simply not possible to separate the specific activities of the LPP from the wider CAREERE project. Staff time, capital equipment, and operations are all intertwined and would require both financial and management audits to disentangle. The IFAD Evaluation report commented that project overheads in the original Project Document were 50 per cent, plus these other costs. If attempted, it is possible that rough estimates of expenditure per project or per impact could be produced, but it is not clear to what they might be compared.

6.3.2. Project types

Non-infrastructure projects should be curtailed. The risk of them becoming private property is real, and the damage that such an outcome would do to the legitimacy of the process is significant. The LPP is not well suited to managing these types of projects. Furthermore, it is probably not realistic to expect that these types of projects would be continued by the public sector when the LDF approach is replicated to cover all provinces. The goal of the LDF is to develop a sustainable structure for decentralized planning, not to deliver short-term economic development.

There is a need for careful oversight and clear guidelines from sectors, to be used in both feasibility studies and integration workshops. Project oversight at the approval stage varies. It should be done by the ExCom members.

6.3.3. Procurement and financial management

Bidding procedures should be simplified. Existing criteria should be used to screen and prequalify contractors. Contractors should be pre-qualified according to the category and size of work they are allowed to undertake. Bids should then be evaluated on price only.

Contract payments should continue to be made directly from the PRDC ExCom to contractors, following a certification process, in order to facilitate internal and external audits. Payments should be tied to model schedules and milestones that could be included in the templates.

The new financial control system is straightforward and safe. It does, however, place considerable responsibility in provincial Financial Units. There is a chance that a lack of

management. There would seem to be an urgent need for training in the new system for all those involved, a fact reinforced by all the provincial Finance Directors interviewed.

There remains some work to do to convince communes, and some technical staff, to accept certification as the key aspect of their control over project completion and quality. Written guidelines should be developed that clearly set out responsibilities for each link in the chain, and remove as much uncertainty as possible regarding the consequences of errors. In addition, policies for internal auditing, and the persons responsible, should be clarified in the province. Governors must begin to appoint internal auditors.

6.3.4. Project Management

Improvements in construction supervision staff and practices are needed to raise overall quality and shorten project schedules. This must be done by the TSS, but their territories are difficult to cover with adequate frequency. As it is difficult in some provinces for technical support staff to cover their territory, it may be necessary to base most of them at district centers.

There is a need for more templates with greater variety, especially for irrigation, to suit local material availability, soil conditions, and hydraulic conditions.

Weekly review meetings and special training for technical staff are both appreciated by those who have been involved. More emphasis should be placed on this assistance role for both TSS and contractors.

Creation of project management committees, possibly as sub-committees of the VDC, should be reinforced. They are responsible for some supervision and certification for payment and need technical support to increase their effectiveness.

Maintenance of projects is a perennial problem. Maintenance plans and revolving funds don't exist but should. Enforcement of collections, especially for transient road users, would be a big help.

Scaling up to cover all communes in a province and to cover reconciliation areas will require increases in operational complexity, but it is not clear whether the increases will be proportional with the number of additional communes. In Banteay Meanchey, new communes will not be further away than are existing communes, so the problem is simply one of additional staff days. In the other provinces, additional communes will be much further away from the provincial centers than those currently in the program. In some cases, travel times will increase greatly, and remote visits will require overnight and multiple day stays. Getting technical staff out to remote locations cannot be done in a day if they are based at the provincial centers, so they should be based at district centers more often.

Continued reliance on contractors will be essential for mainstreaming and upscaling of the LDF concept. It shifts the burden of delivery onto the private sector and at the same

time gives

incentives for the development of technical capacity. However, it also raises the burden on TSS to be better project managers. Continued training in management as well as technical designs will be necessary.

6.3.5. Factors of Success

- The PRDC has become the executive authority for all investment funds in the province, with implementation taking place through the CDCs and VDCs in the same way for all outside resources.
- The policy to require expanded use of contractors has led to much more involvement of the private sector in public works and development of the sector in general.
- Competitive bidding is saving money for project owners. The average cost savings to date are modest, but individual projects have seen savings of 20 per cent and more. Anecdotally, several communes are reported to have saved enough money on approved projects to fund construction of additional minor projects.
- Proactive technical assistance on the part of the CARERE infrastructure staff is having significant positive effects on construction quality and bid outcomes.

7. NEW DEVELOPMENTS

7.1. Reconciliation Areas

One of the most telling achievements of the SEILA program is the way it has responded to the challenge of inclusion of the former Khmer Rouge areas. What is remarkable is the rapid trust that was built up between former enemies, provincial staff, and CARERE management and staff, as well as the rapidity in which the VDCs and CDCs were established.

It is also remarkable how quickly the people in the Reconciliation Areas "took" to the participatory process of SEILA. People in the VDCs, CDCs, as well as the District Governors and Deputy District Governors demonstrated evidence of their enthusiasm. In one CDC meeting a woman said, "In the old days you were told what to do and how to do it." (As she said this, she stood snapped to attention, saluted and said) "Yes, Sir." She then sat down and continued, "Now we sit around and discuss, listen to each other and share ideas. It is a totally different situation. We all feel like we are part of it."

7.2. The New Sub-Decree and SEILA/CARERE

A Sub-Decree (No. 78ANKR.BK) signed by the Prime Minister, Hun Sen, on August 23, 1999, reaffirms the previous Sub-Decree. It also allows for the following:

- Confirms that the SEILA program sits atop the Rural Development structure and that the PRDC reports to the STF.
- Allows for the expansion of the project into other provinces subject to availability of funds.
- Establishes the PRDC ExCom and confirms its role as the body that manages implementation of the SEILA program at province level.
- Establishes the DDF under the Ministry of Finance; defines the role of the STF Secretariat in relation to the DDF as assisting the MoF in mobilization of resources, reporting to donors, monitoring and auditing.

7.3. The New Commune Councils beginning in the year 2000

Laws are being drawn up now by the RGC for the establishment of over 1,600 popularly elected *Commune councils* (CC) in 2000. Rather than being a committee like the CDC that oversees development, the CCs will be the official administrative units of government with powers to tax and collect other revenues, maintain their own budget, provide a police force and carry out other official local government functions. Although the law is not passed nor have its contents been made public, the general consensus is that it will have some of the following:

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- A Chairman who will be elected by the people. (The person who receives the most number of votes will become Chairman).
- A Deputy Chairman will be elected by the council.
- A Commune Clerk will be appointed by national government.
- It will have between 9-11 members with 50 % women.

They will come under the umbrella of a national inter-ministerial committee headed by the Ministry of Interior. The existing VDCs will likely be a committee within the CC

representing development for the commune. It is also likely that all development will still be coordinated through the PRDC as in the SEILA/CARERE/LDF provinces.

The prospect of 1,600 CCs coming into being all at the same time raises an array of significant issues among which are:

- Will this cause the VDCs to lose some of their identity and importance if they are simply a committee within the CC?
- Will the VDCs still be elected by popular vote?
- The vast majority of the new CCs will have little training and technical support that was provided for in the CARERE provinces. Most members will have little idea of their roles and responsibilities, much less the capacity of managing a unit of government with all its ramifications.
- This raises the big question as to how much the SEILA/CARERE/LDF project can assist the government in training, technical support, TOT, and other services for the new CCs.

Some of the issues will be raised again in the section on Future Policy

Formulation. **7.4. The Experimental Commune**

There has been much discussion about the amount of time and effort (usually about ten days) that goes into setting up a VDC, collecting data, developing village projects, etc. Also, once the VDC is established, so the critique continues, a DFT is usually expected to conduct all of the subsequent meetings, taking his/her time from other important duties. Among other VDC issues provided in this report are that VDCs don't fully represent the village, and the only reason to meet is to formulate village projects.

The Experimental Communes being developed in Siem Reap attempt to answer these issues by eliminating the VDC altogether, by putting more focus on the communes and reducing it on the villages. One man and one woman are elected by each village as representatives of the village to

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the CDC. The village is represented, but the long process of setting up the VDC is eliminated; and all training is done at the CDC level, thus eliminating much time and expense. This also is a possible strategy for getting the 1,600 new Commune Councils to be elected in 2000 on board as quickly as possible.

8. OVERALL CRITICAL AND STRATEGIC ISSUES

8.1. Sustainability

There are several key elements that provide a great deal of sustainability to the project:

- A new decentralized rural development structure is effectively providing, on the whole, good quality infrastructure throughout its target areas.
- Provincial administrations, through the PRDC and its other bodies, are continuing to build the capacity necessary to continue this process. National staff in both CARERE and government are increasingly taking their own initiatives and taking over more of the management of the projects. As this process continues, CARERE can reduce its technical support, training, and catalytic involvement, and take more of an advisory role.
- Already, two of the five Provincial Program Managers resigned providing the positions to Cambodians. Next year, the PPM in Siem Reap will step down to be replaced by a Cambodian.
- Managing rural development is increasingly being taken over by the ExCom; and technical support and facilitation is already provided by the Secretariat.
- CDCs and VDCs are demonstrating the ability to make plans for their communities in a participatory and transparent manner.
- Beneficiaries are consistently making adequate local contribution to all projects.
- The Royal Government of Cambodia has officially recognized the RDS structure, which is directed by SEILA, as the official structure in the five provinces in which SELLA operates.
- The Royal Government of Cambodia has funded over \$200,000 in 1999 and is considering \$400,000 to \$500,000 in the year 2000.
- All local projects implemented by the various ministries in Ratanakiri will require a 10% local contribution, and in Battambang all road projects will require a 20% local contribution.

If, on the other hand, the SEILA/CARERE/LDF project is simply going to be one stand-alone project that eventually needs to be phased out, different strategies need to be addressed. Much of this again is dependent on how quickly the RGC moves on the administration reform and demobilization programs. This depends on the government's political will and a number of other grave issues that will not be addressed in this report.

8.1.1. Administrative Reform and Demobilization

The ultimate answer to sustainability lies in the government's ability to seriously begin its process of administrative reform and demobilization. As described above, the government payroll is totally out of synch with the actual needs of government to perform its duties. The army estimated 145,00 soldiers on the payroll but in reality has only an estimated 90,000 actual soldiers, the rest being "ghost soldiers" with certain generals getting the extra salaries. Some unofficial reports say that the government will reduce this number by 55,000 over the next three to five years beginning in the year 2000. This could bring in close to US \$800,000 yearly into the government treasury. The government has been talking about an administrative reform program for many years; but with the volatile political problems plaguing the process, virtually nothing has been accomplished. The administrative reform program would reduce the government payroll over a period of time in the same manner as the decentralization plan described above. With some degree of political stability in government now evident, there could be a real chance for this process, along with demobilization, to begin.

If and when these reforms begin to take place, thousands of people will be taken off the payroll. Government staff performing full-time work with clear roles and responsibilities could have their salaries increased. These salaries could be incrementally increased as other staff, with little or no responsibilities, are dropped from the payroll. As this process occurs, salary supplements in the SEILA/CARERE/LDF could be proportionally decreased.

In addition, as government staff matures under the support of CARERE, (a situation that is now occurring), CARERE can begin to reduce its staff or use it to move into other areas that the government wishes to open up to the SEILA/CARERE/LDF process.

8.1.2. Generating Income from Local Taxes

The new laws being drafted will provide for the right of the Commune Councils to collect taxes. It is understood that they will focus on property taxes in provincial and district towns. It is also possible to collect taxes on market vendors and even income of wealthy merchants and farmers. This income could provide needed funds for infrastructure development that is now being provided by donors.

8.2. Expansion of SEILA/CARERE/LDF Model into Other Provinces

The following questions, among others, arise when considering the future of SEILA/CARERE/LDF:

1. Will RGC want to move this SEILA/CARERE/LDF process into the other seventeen provinces?

2. If so, would they use the same modality that they used in the five SEILA provinces with CARERE as the trainer, technical advisor and catalyst?

3. If the answer to number three above is "yes," many questions arise as to how this will be implemented.
4. Do they want CARERE's assistance to help strengthen the more than 1,460 new Commune Councils (that will not have had CARERE's assistance) that will be established next year?

If the answer to any of the above questions is positive, strategies must be worked out between the RGC and CARERE along with other donors to implement this vision.

8.3. Transition Strategies

LDF funding is due to end this year while the SEILA/CARERE project is funded through the year 2000. The project needs LDF funding to take it through the year 2000.

Year 2000 should be spent consolidating current activities, bringing the main experimental aspects of the local planning program to a close (perhaps offering a series of options within the model). SEILA/CARERE/LDF should decide on how many communes and villages they can practically bring under the LPP and LDF and complete strategic plans with time frames and budgets that address this. It is also important that CARERE take measures to avoid losing staff during the period of uncertainty before another project is signed, namely ensuring that the formulation of the next phase is completed as early in 2000 as possible.

Emphasis in the year 2,000 should also focus on building training-of-trainers' capacity within the facilitation teams at the provincial level, on working with the PRDC to establish how best to organize the facilitation work load (work load) and supervisory responsibilities, and on developing a clear strategy that will allow the PFTs and DFTs to reduce their role in mature communes.

It is quite conceivable that within three to five years, CARERE could cease to exist, as it is known now. The awkward problem is that money is needed to fund provincial, district, commune and village programs and projects to provide work for the government staff who have been receiving this training and support. The institutional structures are in place and are functioning, and the government staff has the capacity to perform the work, as do the members of the various committees. Funds need to come from donors and eventually from government, otherwise, the institutions that have been established will lack one of the key elements that make their existence meaningful.

Any exit strategies within the next five years will be difficult, particularly if the

government wishes to replicate the process in other provinces. However, if the Administration Reform and Demobilization Programs begin to be implemented, funds from those salaries can be channeled into higher salaries for the civil servants that actually work full time. As these funds continue to increase over time, LDF and other funds can be proportionally reduced. In addition, as stated above, government staff is increasingly taking over more responsibility. CARERE can continue to play more of a true consulting role rather than a continuous trainer and support role.

This can also be true if SEILA/CARERE is called upon by government to help other provinces replicate the project. SEILA/CARERE will play a lesser role in their own provinces while sending key staff into other targeted provinces to assist in the establishment of the SELLA program.

If donor funds are reduced sharply over the next few years, and little or no money comes from government, it is likely that the VDCs will not sustain themselves. On the other hand, with the formation of the Commune Councils as administration units of government; it seems likely that they will be sustained. This is particularly true if they are granted taxing powers, which is likely. Government is considering taxing real estate in provinces, districts and even small towns. This, plus a market tax and even some form of income tax for families with large pieces of fertile land, draft animals, etc., could generate income for development.

9. RECOMMENDATIONS

- There is a need to emphasize villages and communes doing more self-help projects themselves, but with the technical support of local governments. It should be made clear to CDCs and VDCs from the beginning what the government will do and where their responsibility ends. Village responsibilities should be clearly stated. The allocation process could be altered somewhat to reward villages and communes that initiate and complete projects themselves. This could be done during the second and third cycles. This would perhaps help people to build their sense of community while at the same time developing more of a self-help attitude.
- More emphasis could be put on villages seeking outside help or doing more work themselves on projects where LDF allocations were insufficient to cover total costs. For instance, if the allocation for a village was only \$4,000, the project cost \$7,000, and the village wanted it badly enough, they should be encouraged to seek other funds or do more of the work themselves.
- From the beginning, there has been much skepticism and criticism from the NGO community about the SEILA/CARERE/LDF project. Many of the NGOs still view the project from the standpoint of "community development" rather than a capacity building, decentralization and local government. There appears to be a strong need to

inform the NGO community of the real mission of the project. The ET realizes this is a difficult situation and not easy to correct; however, it is hoped that the project would develop a public relations strategy that will more fully address this issue.

- VDCs often do not represent the majority of the people in a village. The members are usually elected because they can perhaps read and write a little, and this is thought necessary to submit projects to the CDC. The VDC is often not connected with the Wat Committee or other groups that may have influence in the village. New strategies should be developed whereby more of the total village is represented and where more inclusion of traditional leaders is advanced.

Where NGOs have assisted in establishing small committees, there is often the complaint that the newly established VDCs often ignore these committees. It is recommended that part of the orientation training deal with this issue, and that a formal mechanism be set up where these groups are informally part of the committee.

- It should be made clear from the start that after the first few VDC meetings, all meetings should be run by the VDC Chairperson and not the government facilitator. Also, chairpersons should be trained at the CDC level on how to conduct participatory meetings and how to keep different groups involved.
- Give villages a clear explanation of the CDC and its roles and responsibilities, as well as the LDF and how it works. In addition, show the villagers the commune map and explain:
- How it was created and what it means so they have a clear understanding of the whole process.

- Villagers should be notified well in advance of all VDC meetings, and should always be involved in decisions on such things as where wells and ponds should be located, how contributions should be collected, and how projects will be maintained.
- The members of the SEILA team should consider spending the year 2,000 consolidating current activities, bringing the main experimental aspects of the local planning program to a close (perhaps offering a series of options within the model), and thinking about ways to work strategically- given existing constraints and demands. It is also important that CARERE take measures to avoid losing staff during the period of uncertainty before another project is signed.
- The three provinces visited by the ET demonstrated that they can probably complete the expansion of VDCs and CDC within two years. As they move to set up new committees, the older committees become more mature and need less attention from government staff (PFTs, DFTs and TSSs); therefore, this staff can spend more time assisting new VDCs and CDCs. This is also true of CARERE's local capacity building staff. One important exception is that new members of VDCs will need training and assistance. This is also true where, under a new election, all of the elected members are new. This suggests the gradual reduction of both CARERS and government staff over

time. It also means that as government staff matures in proficiency, less is needed of CARERE, since they are there primarily as trainers, support providers, and advisors.

10. FUTURE PROJECT FORMULATION

10.1. One Year Full Time Local Government/Decentralization Advisor

UNCDF/UNDP or other donors could provide a full time local government and decentralization specialist for one year to work between SEILA, CARERE and national government to assist them in the formulation of plans to take the project into 2001 and beyond. The role would be for a technical advisor in local government and decentralization and would require facilitation skills. The person would live in the country, network between different agencies, serve as a catalyst, and assist in the development of a three- to-five- year strategic plan to which donors could respond. Some of the possible issues the person would deal with are:

- The experience to date has been that the LPP process has been modified in each of the SEILA provinces to suit the local context. In the next phase of the project, it will be important to begin developing a general framework for national guidelines that still allows local flexibility.
- Rather than reduce present SEILA staff, it is possible that staff should be increased to provide key people to go into other provinces to train local leaders in the methodology.
- Reinforce the new Decentralized Development Fund at the national level that will be a depository from an expanded list of donors from which SEILA could work. This would include more strategies for making SEILA the vehicle for delivering development through local government that many donors could respond to.
- SEILA has established a decentralized planning and financial structure that has proven effective and is potentially a national model. It is hoped that the model will continue to gain support from the Royal Government and will be allowed to adjust to changes in the local structures anticipated by the upcoming Commune Elections, all the while maintaining responsibility for coordination of development activities at the provincial level. This would mean that the elected Commune Councils would coordinate their development activities through a non-elected body.
- With the establishment of the new Commune Councils, there is a need to identify and coordinate outside financial resources for development projects, including multi-sectoral, at the commune level.

11. CONCLUSION

SEILA/CARERE/LDF has been an enormously ambitious project. It has also been costly. It has attempted to almost remake a local government process and deliver vitally needed infrastructure development at the same. Although there is scope for improvement and much hard work yet to be done to institutionalize the structures and processes that have been created, the creation of this system has been a major achievement and has for the most part achieved its ambition. The SEILA/CARERE/LDF system has accomplished the following:

1. The project has more than achieved all of its goals and objectives and the outputs described in the main phase document.
2. It has assisted the governments in the five SELLA provinces in establishing a participatory decentralized local government planning and development system in a government/society known for its top down hierarchical style of rule.
3. It has implemented a precedent in local government in Cambodia whereby a certain percentage of government committee members must be women.
4. The system created has been formally accepted by the RGC and is looked upon by most government officials as the model for decentralized local government in all provinces.
5. It has had a major influence in the drafting of new local government laws and with the formulation of the Commune Councils in the year 2,000, which is seen as move towards democratization of local government.

The major task of SEILA/CARERE/LDF is now to consolidate progress and to assist and work with the Royal Government of Cambodia, as the government desires, and other donors in the formulation of strategies and plans to move the SEILA/CARERE/LDF project forward into the year 2,000 and beyond. In addition, to assist the government, if it so desires, in its move towards decentralization in other provinces.

EVALUATION SUMMARY I. Basic Project Data

1. BACKGROUND OF PROJECT

For almost thirty years Cambodia has been in a state of flux beginning with the overthrow of the government in 1970. People have experienced periods of civil war, a radical government attempting to remake society and culture, famine and genocide and an invasion and occupation by an outside nation. They later saw the signing of peace accords in Paris between warring factions and the establishment of a peacekeeping force by the United Nations, followed by hotly contested national elections and the establishment of a fragile

coalition government. The 1996/97 period resulted in the violent ousting of some members of one party in a coalition government, and the beginning of the breakup of the former Khmer Rouge, followed by its partial integration into the nation's government. With the national elections in 1998 helping to consolidate the power of the ruling CPP party along with the main opposition party outwardly willing to take a lesser part in government, there is an appearance of consolidation and stability in the country. In addition, the reentry of the former Khmer Rouge into Cambodian society has

Country

Cambodia

Project Title: Sector Sub Sector

Government Executing Agency

United Nations Cooperating Agency

Project Number: CMB 97/Col

Local Development Fund

(0210) Development Strategies, Policies and Planning Local Governance

SELLA Task force

Financing UNCDF UNDP Others

UNOPS

US\$ 4,5 million

\$US 20,5 million

\$US 35 million (as trust fund and cost sharing contribution)

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brought about a long- desired peace. Warring between politically active groups has subsided, and the roads are almost free from renegade soldiers and bandits.

Except for the period immediately after the political violence in 1997, the economy, since the 1993 elections, has been growing at the rate of about 6 % per year; and the Riel has been stabilized. Per capita income is up over \$ 280 compared to \$130 in 1990. Around 85% of the population live in the rural areas, and most are subsistence rice farmers. Growth, however, is not yet broad based. It is concentrated in the capital in construction and services and is largely aid driven.

These years of war and civil strife have left Cambodia's infrastructure in shambles, with secondary roads in constant need of repair and with main arterial roads in need of upgrading. To travel from one part of a district to another in the rainy season may take as much as two to three hours. Irrigation structures have been poorly designed and broken down leaving most farmers depending solely on rainfall for their crops. In addition, crop loss due to drought and flood has become common. Only a small percentage of the population has access to reliable water for domestic use. Schools are in a state of disrepair with leaky roofs and flooded classrooms during the rainy season, and children have problems getting to school because of the poor condition of roads.

The greatest concern is the effect on the capacity of human resources and institutions, the economy, society, culture, religion, and the sense of community. Basic trust between people in villages has even been affected. Most of the educated people were eliminated, died of starvation or left the country. The same fate happened to over 75% of the teachers. These events have had an enormous influence on the process of development as well, and seasoned development workers in Cambodia are adamant in advising that projects often take much longer and require much more effort than in other developing countries.

2. DESCRIPTION OF THE PROJECT

The project is a continuation of the pilot project in two provinces for the establishment of a Local Development Fund with an initial allocation by a grant from UNCDF of US\$3 million over a period of three years from 1997 - 1999. Given the significant and positive lessons learned during the pilot phase and the adoption of the LDF/LPP methodology by CARERE, this amount is increased by US \$1,426,400. This is to allow for a greater amount of infrastructure projects and to provide for two Technical Assistance Advisors and a

Technical Backstopping Monitoring arrangement with a nearby technical institution.

With two communes in each of the two provinces already receiving LDF funding, the project provides for an expansion into 8 - 10 additional communes in 1997 and at least that in 1998 and 1999. The grants support the process of decentralized planning under the LPP in the form of Indicative Planning Figures (IPFs) to the CDCs in the amount US \$50,000 for projects that have characteristics of "public goods." The funds are allocated over a three-year cycle. To qualify, CDCs must have complete coverage VDCs or similar village committees sponsored by NGOs.

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The specific allocation to each commune depends on the population size, the number of villages, and the amount of development which has already taken place. Communes and villages receiving projects are to make at least a 10 % contribution.

A. Development

Objective The overall

Development Objective is:

To alleviate poverty and spread peace in Cambodia by strengthening the bonds linking society to the structures of the State and empowering the Cambodian rural population to become fully participating members in the development process through decentralized governance.

B. Immediate Objectives

The project is centered on the five immediate objectives:

1. To develop a participatory, demand-driven process of rural development, infrastructure planning and implementation.
2. To fund the construction of priority rural infrastructure projects identified through this participatory process.
3. To augment and institutionalize the capacity of the PRDCs.
4. To augment and institutionalize the capacity of the VDCs and CDCs.

To establish incentives for increased internal support for rural infrastructure projects through financial and technical contributions of central government financial and in-kind

contributions and from local communities, while at the same time developing a sense of "ownership" of the local projects.

C. Outputs

The major outputs of the LDF project include the following:

1. The establishment of a pilot to test and further develop proposed LDF procedures in two provinces of Battambang and Banteay Meanchey (pilot phase), now expanded to include another three provinces.
2. The establishment and institutionalization of the LDF in a suitable agency at the provincial level following an evaluation of the pilot phase.

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3. The development of appropriate procedures and proposals for developing rural infrastructure, including: a program of training for PRDC, DRDC, CDC and VDC members that supports the institutional arrangements and procedures of the LDF outlined above; and institutionalization of the intergovernmental project planning and implementation process outlined above.
4. Physical outputs created by means of the LDF process.

3. PURPOSE OF THE EVALUATION

The overall objective of this final evaluation is to assist the Royal Government of Cambodia, beneficiaries, UNCDF, and UNDP to:

- Assess the efficiency, effectiveness, relevance and impact of the project, and make recommendations for improvements where possible.
- Provide feedback to all parties to improve the policy, planning, project formulation, appraisal and implementation phases in the context of this next phase projections of the SEILA Program.
- Gather extensive lessons learned and operational recommendations that will feed into the future orientation and joint-formulation of the SEILA Program beyond 2000 with UNDP, SIDA and other possible partners. Recommendations should propose ways of ensuring a smooth transition of the project to the next phase and the further institutionalization of the project into the governmental structure taking into account the emergence of the "Commune Councils."

Draw lessons that will improve the efficiency, effectiveness, relevance and impact of other UNCDF-funded LDF projects.

4. FINDINGS AND ASSESSMENT OF RESULTS

ACHIEVED A. Achievement of Immediate Objectives

As of August 1999, the LDF has supported the establishment of 1,144 locally elected Village Development Committees (VDCs), 134 Commune Development Committees (CDCs), and five Provincial Rural Development Committees (PRDCs), five Secretariats and five Ex-Com Committees, all fully staffed by government civil servants.

Because of the lack of baseline data, it is difficult to measure impact; however, from what the Evaluation Team (ET) has observed, the project has obtained the above objectives beyond

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expectations. Projects are, on the whole, being completed in a satisfactory manner in less time than planned; villagers are identifying and prioritizing their needs at the grassroots level; and VDCs and CDCs are turning them into viable projects. Provincial government, through the newly established PRDC, Executive Committee, and Secretariat, is establishing these local development bodies and is assisting them in designing and implementing the projects.

The project has developed a financial management system that is providing transparency, good tracking, and accountability. In addition, a Decentralized Development Fund has been established that provides a system for other donors to invest development funds directly from central government to the provinces. The monitoring and evaluation (M & E) of the projects is carried out by technical staff of the government who have also established a bidding process for contractors.

On the whole, local government is different than it was four years ago. Local government institutions have enthusiastically accepted this bottom-up/top-down style of development.. They are actively listening to people in the villages and communes and are engaging them in activities.

There are still many problems, particularly with lack of full village participation in the process. Some people and groups are not engaged and sometimes are not properly informed. Maintenance of completed projects is a big problem. SEILA/CARERE know about this and are actively working to build up a viable system to address this. Capacities are still low compared to other countries, and planning is still in the beginning stages at the CDC and VDC level.

To measure success as stated before, we compare the accomplishments of the present

government with the provincial government of the past. The difference in capacity, participation, inclusion, communication, planning, and implementation are rather remarkable when one realizes that the program has only been operating just a little over three years.

B. Institutions and Capacity Building

The SEILA/CARERE/LDF project experiment has assisted the newly formed local government institutions that have dramatically changed the way development is implemented, and in many respects, the way local government itself operates. These structures provide the framework for the Local Planning Process to function.

One of the most important institutional factors is the large increase in communication from the villages through every level of government up to the PRDC. People all through the system have been taught to brainstorm, to ask questions, and to state opinions. Higher government bodies are responding through district integration workshops and through technical and facilitation staff, whose roles are to work with the VDCs and CDCs. Communication has also been greatly enhanced between sectors through these various structures. Government staff appears to have a much clearer understanding of its roles and responsibilities and seems active and motivated with a feeling of "ownership."

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Extensive trainings at all levels have helped this process. In one year alone, 56,245 people (34% women) were trained in 2,200 workshops in such things as planning, problem solving, finance, water and sanitation, agriculture, management, gender, governance, health, infrastructure design, and implementation among other things. Most of this training was for specific job-related functions so they could put the skills learned into practice. Most important, however, was learning by doing and working with counterparts in CARERE.

One of the biggest advantages of the new system is that funds stay under regularized financial management procedures that are subject to internal and external controls. There are effectively four levels of control, including the Ministry of Economics and Finance auditors, an internal auditor appointed by Governors, external auditors who may be appointed by CARERE, and the CARERE PSO financial unit.

C. Local Planning Process

As of August 1999, SEILA/CARERE/LDF has provided support to 1,144 locally elected Village Development Committees (VDCs), 134 Commune Development Committees (CDCs), and five Provincial Rural Development Committees (PRDCs). Each year as the CDCs and VDCs gain experience implementing the process, they demonstrate added maturity in needs assessment, planning, and implementing projects, indicating that rural development structure is viable in Cambodia and has gained acceptance as a viable model

for decentralized rural development with possibilities for replication nationwide.

Participation at VDC meetings is excellent at first when projects are being formulated but die down after completion. Villages meetings are lively with much openness and sharing of ideas, which is quite different from the old method of the village chief making decisions and then telling people what to do. Women are usually the most vocal in the meetings and are often the majority in attendance, but often are not listened to when final decisions are made.

Another change has been the simplification of PRA tools, which proved to be too complex as introduced initially. These have been simplified into what are now referred to as data collection tools. This change has reduced time and effort demands placed on villagers to complete tasks not directly related to decision-making that can tax the interest of the villagers.

Integration workshops in one province have been reduced from two days to one, and presentations by sector officials has been eliminated giving more time for CDCs to present their project plans and receive feedback from the various sectors.

Allocation was originally based on the number of villages regardless of size. Now the move is towards a combination of population and poverty, although the Project staff realizes that most projects implemented rarely benefit the poorest of the poor. In fact, projects often benefit the villagers who have the most land, best houses, draft animals and motorbikes.

The LPP is also working as a mechanism for planning and coordination of multiple sources of investment in villages and communes, including LDF, sectoral funds, governmental department

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budgets, and outside support from NGOs. The LPP is open to other "financial windows" besides SEILA, through the Decentralized Development Fund. This is supported by recent decisions by the Royal Government, IFAD, and the World Bank to capitalize the LDF for new projects.

In light of limited LDF resources for individual villages and the expectation of the upcoming commune elections scheduled for the end of the year 2,000, SELLA management is shifting the focus of the program to the commune level. This raises questions about the sustainability of the VDCs that have been created, as they need additional assistance to make them more representative of the villages as a whole and more responsive to different groups within the villages.

D. Project Design, Implementation and Outputs

The institutions involved in the SEILA Rural Development Structure (Village Development Committees, Commune Development Committees, and Provincial Rural Development Committees), have overseen about 1,300 local projects valued at about US \$ 3.8 million. Local support in the form of cash contributions has totaled US \$500,000, or 16% of total project costs. Projects completed under the LDF represent approximately 8% of total CARERE activities. In 1999, the Royal Government made a significant contribution to the LDF of US \$215,000. The Government has now announced it will double this amount, to US \$500,000, for the year 2,000. Other official support has recently been announced by Ratanakiri province, which has decided that line departments contribute 10% toward LDF projects, and Battambang province, which has committed to contribute 20% toward a road maintenance fund.

The sectoral allocation of LDF funds has overwhelmingly favored transportation and irrigation works, and to a lesser extent, school buildings and water and sanitation projects. The technical quality of projects in general is good. Of those projects evaluated, over 80% are acceptable, 18% have problems that can be fixed, and only 2% are unacceptable.

Competitive bidding was introduced in 1999 and is resulting in lower costs and higher quality for projects. Average cost savings compared to estimate ranges from 6% to 10%. A pre-qualifying system for all contractors has also been introduced

The original intent of the allocation process was to use a multi-criteria framework that included project cost, number of beneficiaries, priority of problems or needs, cost effectiveness, time frame, local contribution, and sustainability. This framework has proved overly ambitious in the local context and has led to some confusion.

Allocation methods between provinces use various combinations of poverty and population indicators. Some of these indicators are almost certainly colinear and therefore do not all need to be included. Others are poor proxies for poverty, such as the number of children attending school, which is also strongly affected by transportation problems. Using the percentages of female-headed households and poor housing may be adequate, but further statistical analysis is required to make a recommendation.

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The discretion available to PRDCs has led to wide variation in the amounts granted to communes, in some cases double or half the average amount over a three- year funding cycle. There is widespread agreement that simple criteria for allocation from communes to villages work best and are most likely to be applied consistently. Within communes, a simple weighting by population may be sufficient.

Maintenance of projects is a perennial problem for all rural infrastructure, and this is especially true in Cambodia. The Evaluation Team visited many projects that were initially constructed to an acceptable standard, but were deteriorating after only one or two years without adequate maintenance. Roads become impassable after a couple of rainy seasons, fences around ponds fall down, and water pumps break.

Data in the commune databases are not updated on a regular basis. This makes evaluation of socio-economic impacts impossible.

The district integration workshops are working to improve the sectoral allocation of all sources of funding, by making line departments consider work plans and sources of support for a commune at one time.

The standard designs for projects have widespread support. More templates with greater variety are needed to suit local material availability, soil conditions, and hydraulic conditions. There is still not the capacity of technical staff to deal with unusual situations, and more training is needed.

The most significant change from the previous financial system is that PRDC Executive Committees will be responsible for management of all investment funds in the provinces, whether they originate from the national budget or from external sources. They will also have significant influence over line department activities through their financial oversight.

5. ASSESSMENT OF THE PROJECT DESIGN

The project was designed with the awareness that this was a policy experiment with many risks. These risks were identified and weighed according to degree of risk. There had been some progress in the pilot phase project in the two communes in each of the two provinces, but no formal evaluation had been completed. There was, however, a strong indication that the government staff had "bought in" to the process and that they were performing their duties with enthusiasm and above expectations. In addition, the various people in the VDCs and CDCs were performing well.

The initial design favored the typical NGO integrated rural development approach where much time was spent in the villages completing PRAs and RRAs involving endless data gathering. It was hoped that villages would not only understand much about data collection, needs assessment, and project formulation, but also that more of a sense of community would be established. This proved far too time consuming for the villagers and too expensive for the

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project. This approach has been 1.)-dified, and a much simpler method is now being implemented with more than adequate results.

The project was also started without establishing a formal monitoring and evaluation system. The main phase document reflected this and pointed out the serious need for a comprehensive M & E system to be developed and implemented. This has proved to be a serious problem, and it is only in the past few months that this has been adequately

addressed.

In other respects, the design has performed beyond expectations. The overall goal and immediate objectives of the project have been achieved. The institutions created have been strengthened, the LPP is thoroughly integrated throughout the system, and good quality infrastructure has been implemented.

The project is costly, for it not only has to provide staff for capacity building, training, monitoring, evaluation, and management advisory services, it also has to provide salary supplements to government staff. Government staff receives (this is in addition to their regular salaries which average about US \$15 per month) US \$80 per month (provincial level staff) and US \$40 per month (district level staff). In addition, motorcycles are provided, as staff are constantly traveling to the various CDCs and VDCs. This raises great debates about the sustainability of the project. It is perhaps the biggest issue of the project.

The Evaluation Team views Cambodia as unique from most other developing countries. It therefore requires much more time and effort in capacity building, training, technical support, and advisory services which are extremely time and people intensive and therefore, expensive. This support is also necessary, especially when you are literally changing the way local government operates and delivering vitally needed infrastructure at the same time.

6. POLICY IMPLICATIONS AND LESSONS LEARNED The

project demonstrates the following:

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- The top management of CARERE had years of experience working with Cambodians in the field, knew their language, their culture, the horrors of their experience, and appreciated the enormous constraints to development that existed in the country at the beginning of CARERE 2.
- Local government can be changed to be participatory and decentralized when there is "buy in" at the top of the provincial government. The present governors of both Battambang and Banteay Meanchey, where the project started, enthusiastically supported the mission of the project, as did other influential people in the provinces including two former governors.
- A successful local government project in one province (in this case two provinces) can lead to replication in other provinces and eventually receive support by national government.
- Although operating with the same mission and strategic objectives, there were different

methods of fund allocation and project selection that allowed for considerable adaptation to local situations.

- Intensive training at all levels of provincial government was followed by opportunities for staff to implement what they learned, while at the same time receiving back-up technical support. This process not only dramatically increased the capacities of staff but also changed their behaviors, attitudes and work habits and in the end, it greatly assisted in changing local government.
- With a clearly defined "mission" by all the top players of the project, and through training and close supervision, the mission was integrated among government staff. The project was therefore driven by a clear sense of shared goals and vision that was "bought" by the great majority of players.
- Beneficiaries who saw the possibility of immediate benefits from government realized from the beginning that the participation asked for was real and not another of the many empty promises from government.
- Government was involved from the beginning and was the actual implementor of the project; therefore, the project had ownership throughout government.

7. RECOMMENDATIONS OF THE MISSION A.

General Recommendations

- It should be made clear to CDCs and VDCs from the beginning what the government will do and where their responsibility ends as far as maintaining completed projects. CDCs and

VDCs should have carefully developed maintenance plans including budgets for maintenance of projects.

- There appears to be a strong need to inform the NGO community of the real mission of the project and develop a public relations strategy that will more fully address this issue.
- New strategies should be developed in the VDCs whereby more of the total village is represented and where more inclusion of traditional leaders is advanced.
- It should be made clear from the start that after the first few VDC meetings that all

meetings should be run by the VDC Chairperson and not the government facilitator. Also chairpersons should be trained at the CDC level on how to conduct participatory meetings and how to keep different groups involved.

- Give villages a clearer explanation of the CDC and its roles and responsibilities as well as the LDF and how it works.
- Villagers should be notified well in advance of all VDC meetings, and should always be involved in decisions on such things as where wells and ponds should be located, how contributions should be collected and how projects will be maintained.
- The members of the SEILA team should consider spending the year 2000 consolidating current activities, bringing the main experimental aspects of the local planning program to a close and thinking about ways to work strategically, given existing constraints and demands.
- LDF funding is due to end this year, while the SEILA/CARERE project is funded through the year 2000. The project needs LDF funding to take it through the year 2000.
- Emphasis in the year 2000 should also focus on building training-of-trainers' capacity within the facilitation teams at the provincial level.
- SEILA/CARERE/LDF should decide on how many communes and villages they can practically bring under the LPP and LDF and complete strategic plans with time frames and budgets that address this.

B. Future Project formulation

UNCDF/UNDP or other donors could provide a full time local government and decentralization specialist for one year to work between SEILA, CARERE and national government to assist them in the formulation of plans to take the project into 2,001 and beyond. The role would be for a technical advisor in local government and decentralization and would require facilitation skills. The person would live in the country, network between different agencies, serve as a catalyst, and assist in the development of a three-to-five-year strategic plan to which donors could respond. Some of the possible issues the person would deal with are:

- The experience to date has been that the LPP process has been modified in each of the SEILA provinces to suit the local context. In the next phase of the project, it will be important to begin developing a general framework for national guidelines that still allows local flexibility.
- Rather than reduce present SEILA staff, it is possible that staff should be increased to

provide key people to go into other provinces to train local leaders in the methodology.

- Reinforce the new Decentralized Development Fund at the national level that will be a depository from an expanded list of donors from which SEILA could work.
- With the establishment of the new Commune Councils, there is a need to identify and coordinate outside financial resources for development projects, including multi-sectoral, at the commune level.

8. CONCLUSION

SEILA/CARERE/LDF has been an enormously ambitious project. It has also been costly. It has attempted to almost remake a local government process and deliver vitally needed infrastructure development at the same. Although there is scope for improvement and much hard work yet to be done to institutionalize the structures and processes that have been created, the creation of this system has been a major achievement and has for the most part achieved its ambition. The SEILA/CARERE/LDF system has accomplished the following:

1. The project has more than achieved all of its goals and objectives and the outputs described in the main phase document.
2. It has assisted the governments in the five SEILA provinces in establishing a participatory decentralized local government planning and development system in a government/society known for its top down hierarchical style of rule.
3. It has implemented a precedent in local government in Cambodia whereby a certain percentage of government committee members must be women.
4. The system created has been formally accepted by the RGC and is looked upon by most government officials as the model for decentralized local government in all provinces.
5. It has had a major influence in the drafting of new local government laws and with the formulation of the Commune Councils in the year 2,000, it is seen as a move towards democratization of local government.

The major task of SEILA/CARERE /LDF is now to consolidate progress and to assist and work with the Royal Government of Cambodia, as the government desires, and other donors in the formulation of strategies and plans to move the SEILA/CARERE/LDF project forward into the

9. MEMBERS OF THE EVALUATION TEAM

The Evaluating Team is comprised of the following:

- Robert Leonard, team leader, (a local government and institutional consultant who lived in Cambodia for almost four years), has trained all of the provincial Governors and First Deputy Governors and all of the top leaders in each of eleven provincial offices in management and planning.
- Dr. Robert Guild, an infrastructure specialist and engineer who recently completed an evaluation of the Vietnam Rural Infrastructure Development Fund for UNCDF.