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**Understanding pro-poor political change:
the policy process**

Cambodia

Second draft – August 2003

Caroline Hughes
Tim Conway



Overseas Development Institute

40 years at the forefront of international development policy

111 Westminster Bridge Road, London SE1 7JD, UK

Tel: +44 (0)20 7922 0300

Fax: +44 (0)20 7922 0399

Website: www.odi.org.uk

Email: odi@odi.org.uk

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List of acronyms

ACLEDA	Association of Cambodian Local Economic Development Agencies
ABD	Asian Development Bank
ADD	Accelerated Development District
BLDP	Buddhist Liberal Democratic Party
CARERE	(UNDP) Cambodian Area Rehabilitation and Regeneration (Programme)
CAS	Centre for Advanced Studies
CCC	Cooperation Committee for Cambodia
CCDP	Commune Council Development Project
CDC	Council for the Development of Cambodia
CDC	Commune Development Council
CDRI	Cambodian Development Resource Institute
CG	Consultative Group
CoCom	Coordinating Committee
CoM	Council of Ministers
CPP	Cambodian People's Party
CRD	Cambodian Researchers for Development
C/S	Commune / Sangkat
CSES	Cambodia Socio-Economic Survey (also sometimes referred to as SESC)
CSO	Civil Society Organisation
DED	
DFID	Department for International Development
DFW	Department of Forestry and Wildlife
DOLA	Department of Local Administration
EC	European Community
EPI	Expanded Programme of Immunisation
FBC	Feedback Committee
FDI	Foreign Direct Investment
FUNCINPEC	Front Uni pour un Cambodge Indépendent, Pacifique et Coopératif (United National Front for an Independent, Peaceful and Cooperative Cambodia)
GRET	Groupe de Recherche et d'Echanges Technologiques
GSCSD	General Secretariat for the Council on Social Development
GTZ	
HC	Health Centre
HCMC	Health Centre Management Committee
HIPC	Highly-Indebted Poor Country
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immuno-Deficiency Syndrome
HSR	Health Sector Reform (Project)
HSSP	i) Health Sector Support Programme ii) Health Sector Strategic Plan, 2003-2007
IDTs	International Development Targets
IFI	International Financial Institutions
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INGO	International Non-Governmental Organisation
I-PRSP	Interim Poverty Reduction Strategy Paper

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JSA	Joint Staff Assessment
K5	<i>gkeor - phrum</i> : the programme of conscripted labour on counter-insurgency defences in the north-western provinces under the PRK.
LICADHO	Lique Cambodienne pour la Promotion et la Defence des Droits de l'Homme (Cambodian League for the Promotion and Defence of Human Rights)
LSMS	Living Standards Measurement Survey
M&E	Monitoring and Evaluation
MAFF	Ministry of Agriculture, Fisheries and Food
MDGs	Millennium Development Goals
MoE	Ministry of the Environment
MoEF	Ministry of Economy and Finance
MoEYS	Ministry of Education, Youth and Sports
MoH	Ministry of Health
MoI	Ministry of Interior
MoP	Ministry of Planning
MRD	Ministry of Rural Development
MTEF	Medium-Term Expenditure Framework
n.a.	not available / not applicable
NA	National Assembly
NCSC	National Council for Support to Communes / National Commune Support Council
NGO	Non-Governmental Organisation
NIPH	National Institute for Public Health
NIS	National Institute of Statistics
NPRS	National Poverty reduction Strategy
OD	Operational District
ODA	Official Development Assistance
OECD-DAC	Organisation of Economic Cooperation and Development-Development Assistance Committee
PAP	Priority Action Programme
PAR	Public Administration Reform
PEM	Public Expenditure Management
PER	Public Expenditure Reform
PHC	Primary Health Care
PHD	Provincial Health Directorate
PLG	Partnership for Local Government (replaced CAREERE)
PM	Prime Minister
POLA	Provincial Office ofr Local Adminstration - CHECK
PPA	Participatory Poverty Assessment
PRGF	Poverty Reduction and Growth Facility
PRK	People's Republic of Kampuchea
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
RGC	Royal Government of Cambodia
SEDP	Socio-Economic Development Plan
SESC	Socio-Economic Survey of Cambodia (now more commonly CSES - q.v.)
Sida	Swedish International Development Agency

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SOC	State of Cambodia
SRC	Swiss Red Cross
SRP	Sam Rainsy Party
SWAp	Sector-Wide Approach
SWIM	Sector-Wide Management
TA	Technical Assistance
U5MR	Under-Five Mortality Rate
UNDP	United Nations Development Programme
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNICEF	United Nations Children's Fund
UNTAC	United Nations Transitional Authority in Cambodia
USAID	United States Agency for International Development
VDC	Village Development Committee
VHSG	Village Health Support Group
WFP	World Food Programme
WHO	World Health Organisation
WTO	World Trade Organisation

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Executive Summary

This study analyses trajectories of change in state-society relations and their implications for pro-poor policy-making in Cambodia, using the concepts of *political tradition*, *institutions* and *regime type* form the key levels of analysis. A brief political history and a summary of the key known facts about patterns and trends in poverty provide a context for the discussion of political processes and policy-making. It takes a medium- to long-term perspective, tracing the principal features of contemporary politics to the ways in which the state was reconstructed in the 1980s in the aftermath of civil conflict, state collapse, and occupation by Vietnam. It details the impact of this historical context on the attitudes and relationships that exist among officials, and the effect of these on the institutions of state that have emerged in the 1990s; the relationships between state and society; and the opportunities for individual reformers within this context to initiate and promote pro-poor policy change. It goes on to examine the possibilities for engagement in policy making by non-state stakeholders, and finishes with recommendations for donor intervention.

Modern Cambodian politics in the long view: internal and external forces

It is very easy for political analysis of Cambodia to fall into one of two polarised camps. The first blames Cambodia's problems on external influences, emphasising the way in which Cambodia, as a small and poor post-colonial nation, was overwhelmed by the forces of unprincipled Cold War geopolitics in the 1970s, and has since been dominated and exploited by more powerful neighbours. The second argues that, enormous as these forces were, they should not mask recognition of the fact that there are strong threads of historical continuity in the nature of state-society relationships in Cambodia, arguably spanning pre-colonial, colonial and post-colonial regimes, and that most of these persistent themes – a discourse of power which is profoundly incompatible with the principles of democracy or human rights, a weakness of formal state institutions vis-à-vis informal patronage networks – are profoundly anti-poor in nature. Long-term historical analysis, in other words, tends to encourage a pessimistic, “path dependent” interpretation of Cambodian politics.

An accurate and above all policy-relevant political analysis requires recognition that both perspectives have some validity, but that neither can provide a complete explanation. There are strong forces which mitigate against the production and implementation of pro-poor policy, but these cannot adequately be described in terms of path dependency due to unchanging historical structures. By looking at the period since 1979 - and by examining political change in terms of the inter-relationships between the three levels of institutions, regime type and political tradition - it becomes clear that many of the phenomena which structure incentives, opportunities and constraints in contemporary politics are distinctively modern, albeit reflecting elements of a historical tradition.

Post-conflict state-building, transition and contemporary political traditions

The Cambodian state was rebuilt, almost from scratch, in the aftermath of the massive destruction of the “Khmer Rouge” regime of Democratic Kampuchea (DK), in a context of civil war, famine and international sanctions. International intervention throughout the 1980s comprised occupation by the Vietnamese Army, economic and diplomatic support by the Soviet Bloc, and sanctions and insurgency

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supported by China and the West. Arguably, contemporary behaviour reflects attitudes shaped during this formative period.

During the 1980s the state suffered from low levels of material resources and political legitimacy. Its main rationale was to hang together and to prevent a resurrection of the DK regime. It undertook some institution building (including in the areas of health and education): but, in an atmosphere of insecurity and constrained by severely limited resources, achievements were limited. Efforts to exert discipline in the interests of policy effectiveness were secondary to efforts to promote loyalty, with the latter achieved to a great extent at the direct expense of the former. The move to the free market in 1989 opened the door to dramatic levels of corruption and a very low level of effective control over state officials by the centre. The UN-sponsored ceasefire of 1991 was perceived and consequently both the will and the capacity to implement the policies being urged by incoming donors was limited. Today, state officials continue to emphasise loyalty over efficiency and to promote opportunities for rent-seeking which exploit the poor, as a means to ensure the loyalty of subordinates.

Loyalty within the state apparatus is organised through networks of personal allegiance, and it is these, to a great extent, which maintain the cohesion and residual effectiveness of the state apparatus. Forms of personal allegiance include political allegiances, friendships, kinship, and patron-client relations. These tie the state to the party and the civilian bureaucracy to the military. They are capable of very effective mobilisation at times – for example, during election periods they are mobilised to support the campaigning of the dominant party, the Cambodian People's Party. However, they are also dependent to a significant extent upon informal flows of resources, including funds skimmed from international aid donations, "gifts" and bribes extracted from the population and foreign investors, and rents gained from illegal expropriation of natural resources such as timber and land.

The networks of loyalty that underpin the state apparatus consequently resemble informal networks for the extraction of resources from society- and frequently directly from the poor. Loyalty from state officials is elicited through the protection of rent-seeking activities conducted by officials at every level from the lowliest rural school to the office of the Prime Minister. The ubiquity of involvement of state officials in these networks can be attributed largely to the extremely low levels of official salaries which are far too low to support an individual, let alone a family.

To the extent that rent-seeking functions have come to dominate state activity, the state operates directly at odds with the interests of the poor. Although some resources are ploughed back into society to elicit support for example at election time, through the building of roads and schools, this is done in a manner designed for political rather than economic effect. The personalism, populism, and exploitative nature of the state apparatus mean that it not only operates in a significantly different manner from a Weberian rational bureaucracy, but that state officials will see it as being in their interests to actively resist rationalisation, since rationalisation limits freedom to use public positions to extract rents from the population.

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Formal and informal institutions of governance

The 1993 Constitution envisaged liberal institutions of state, including an elected legislature with oversight over the executive, and an independent judiciary. Local administration is organised into four layers – provincial (*kehaet*), district (*srok*), commune (*khum*) and village (*phuum*). In 2002, elections were held to form commune councils to govern at the commune level. Other levels of local government are appointed.

The functioning of government as envisaged by the constitution has been seriously hampered by the networks of loyalty that run through the institutions of state, even though it is also likely that without these networks of loyalty, these institutions would have difficulty cohering at all. Networks of loyalty have tended to preserve the politicisation of state institutions, and to permit the dominance of those institutions, such as the executive and the armed forces, which have recourse to violence. The National Assembly has been largely unsuccessful in exercising vigorous oversight of the executive. The judiciary is poorly trained and resourced, and subordinate to other branches of power.

Within the executive branch, power and influence are concentrated in informal networks. The key power relationship that underpins all others is, arguably, the relationship between the Office of the Prime Minister and senior figures in the Armed Forces. In a highly militarised society, where law is poorly enforced, the allegiance of the military remains essential to power-holders. The military is a highly entrepreneurial operation, engaged in logging, smuggling and other illegal economic activities. Protection of these activities is the key to power in Cambodia.

It is important to note, however, that the state does not operate as a rational bureaucracy in pursuit of these interests. Contending networks exist and vie for control of resources. Over the course of the 1990s conflicts have been noted between different branches of government, between the military and the police, and between different factions in the Cambodian People's Party. Power and influence are fluid and move around the system as individuals rise and fall. The star of any particular ministry tends to wax and wane, largely depending upon the personal relationship between the minister and the Prime Minister, and the ability of the ministry to capture resources, either from the local population or from international donors.

Approaches to donor-led reforms

Since 1998, donors have attempted to promote a far-reaching programme of public sector reform, including promotion of good governance, judicial and legal reform, anti-corruption, natural resource management and demobilization within the military. The government has apparently engaged with these reform processes, but progress has been slow. Military demobilisation, for example, has been hampered by disagreements over numbers, with suspicions that these have been inflated drastically to render demobilisation cosmetic. Natural resource management continues to be problematic: the recent collapse of independent monitoring arrangements for the forestry sector, and the erection of a much weaker monitoring regime to replace it, raise concerns regarding the government's priorities in an election year. Incidents of pro-reform political activism (e.g. to remove officials denounced for corruption) have occurred but these are isolated and have not been

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translated into a sustained drive for rationalisation. The response to reforms seems to have been to attempt to preserve the discretion of action necessary to facilitate the rent-seeking which supports the networks of allegiance which simultaneously sustain and constrain state effectiveness.

The political discourse of poverty and development

While there are obviously differences between and within each, the Khmer discourse of the causes and nature of poverty overlaps reasonably well with that of most donors and international NGOs. Where there are differences, these are largely to do with the degree to which it is seen that the poor could or should be agents of development in their own right: development is seen as something to be brought to the countryside from outside, by government, parties, NGOs and donors. Officials interviewed in the study regarded poverty as closely associated with weakness, vulnerability and ignorance, and viewed these characteristics – which they attributed widely to the Cambodian population, particularly in rural areas – as inconsistent with development. Development was seen as technologically driven and state-led, requiring the input of resources from donors. Participation of the unruly and ignorant poor in setting development priorities was viewed as dangerous, and the poor were frequently blamed by government officials for problems such as environmental degradation.

Government's role in poverty reduction was seen by government officials as problematic primarily due to a lack of state capacity, echoing views expressed widely by donors over the last ten years. Government officials regarded increased training of their own staff, access high-tech solutions and greater funds, particularly for higher salaries, as essential to increase motivations and abilities.

To an extent this approach to poverty and reform is a rationalisation of an inactivity that is chosen, rather than enforced. Problems of poor implementation of policies in the periphery are blamed on underpaid and undereducated staff with the implication, spoken or unspoken, that these staff are underpaid and undereducated because Cambodia "is a poor country." What is rarely addressed is how public expenditure decisions - at the very highest levels - prioritise military spending (c. 50% of public spending over most of the 1990s) and resist pressure for greater spending on social services. Individual ministers claim ignorance and a lack of influence to exculpate themselves from any blame for the situation.

Dropping the presumption that the military must be continually placated would open up wide vistas for reform. However, dropping this presumption would be politically difficult for the Cambodian People's Party, which continues to advance the defence of the country against "Pol Potists" and "terrorists" (perhaps justifiably) as its main achievement in nearly 25 years of power. Further, this is a case in which the end has been supplanted by the means – in other words, the hijacking of resources for the military, the promotion of loyalists into key military positions where they can accumulate these resources and disburse them selectively to enhance their own power, has to an extent become an end in itself.

Constraints on and opportunities for pro-poor policy-making

The prospects for pro-poor policy-making in Cambodia in this perspective are not particularly good. With both a weak state and a weak civil society, the Cambodian

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political system relies heavily upon informal, patronage-based networks for the definition and pursuit of collective goals. The largest and most effective of these networks are embedded in the structures of the CPP: but the identity and interests of the CPP itself are not stable, and there are numerous other nodes of power (the military, large commercial interests) with which different interests within the CPP must sometimes cooperate and sometimes compete. The symptoms of this weakly institutionalised political system can be summarised as a lack of transparency about how and why decisions are made, the irrelevance of formal mechanisms of accountability, a neglect of state functions that do not offer opportunities for rent-seeking, and a distortion to private ends of those public functions which do offer opportunities for the generation and capture of wealth.

Where policies have been instituted they tend to have taken one of three forms. By far the most common form of policy making is the policy handed down from the Office of the Prime Minister, or sometimes the Council of Ministers, to ministries to implement. Such policies are often populist, but they are rarely the product of strategic pro-poor thinking. More rarely, pro-poor policies emerge through local projects instituted by locally powerful individuals at provincial levels. Thirdly, pro-poor policies may be formulated by donors working with technical officers in the ministries. The third category of policies are quite commonplace but frequently run into significant problems at the implementation stage.

The most significant generic limits to pro-poor policy making within the Cambodian political system can thus be summarised as i) the subordination of policy concerns generally to the imperatives of facilitating the cohesion of networks underlying state institutions; and ii) the paucity of channels of connection, communication and accountability between state and society, particularly in the rural areas where poverty is concentrated.

Political constraints and sectoral policy processes

Policy change in the health, land and forestry sectors provided case study material with which to illustrate patterns and trajectories of change in policy and the policy-making process. Within these sectors, consistent patterns regarding the limits to pro-poor policy making were observed. These include

- The degree of political support and public resources that a Ministry can expect depends upon the opportunities it presents for rent-seeking. The Ministry of Health, for example, is regarded as (relatively speaking) capable and pro-poor but nonetheless politically marginal, receiving little attention and few public resources from government. The Ministry of Agriculture, Forestry and Fisheries, and within it the Department of Forestry and Wildlife, are extremely influential, capturing significant resources from the exploitation of Cambodia's forests. As such, they are highly resistant to reform.
- an interest in preserving discretionary action for rent-seeking retards the formulation of formal policy; if under pressure from donors and NGOs policy that constrains rent-seeking is formulated, it is generally subverted in implementation.
- the powerful allegiances invoked via informal networks undermine institutional identity and capacity within the ministries, particularly in terms of relations

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between the ministry in Phnom Penh and its outposts in the provinces. In some sectors this can be and has been overcome through incremental improvements in sector strategy, capacity and organisation, achieved with consistent, long-term donor support. Nonetheless, informal interests often exert a powerful centrifugal force, pulling different parts and levels of line ministry structures in different directions. Uncoordinated aid has on occasion exacerbated this problem.

- the structure and institutional culture of the ministries gives technical officers little opportunity to influence political decision making. Senior political appointments and the more junior technical personnel appear to have few channels of communication, and to work, frequently, at cross-purposes, with technical staff struggling to implement (or, sometimes, to prevent the implementation of) poorly conceived policies hatched to serve political designs.
- Although individuals may be active in the pursuit of reform, the system as a whole demonstrates a generalised resistance to innovation. In part this can be explained by self-interest and the need to preserve rent-seeking opportunities; on other occasions, however, it seems to represent a deeper risk aversion. Understanding incentives can help explain instances of reform (e.g. the Ministry of Health's desire for legitimacy and a sense of competition from the private sector drove the move to formal user fees); working with these priorities can in turn open up opportunities for other reforms. Even when a policy does not entail any risk, however, a long series of incremental steps and a period of proving at the pilot level may be required to engage Ministerial support.

Civil society, participation and representation

Anthropologists have long characterised Cambodian society as possessed of a relatively weak organisational capacity. Even in the 1960s, observers argued that collective action on bases other than kinship links tended to be intermittent and issue-specific. The horrendous experiences of the DK regime have weakened social ties further, and encouraged a certain degree of short-termism and individualism. With decollectivisation, these attitudes have been given freer rein, with serious consequences for the most vulnerable members of society.

In the early 1990s, UNTAC and donors sought to promote the emergence of a Cambodian civil society, usually viewed as a set of formal organisations that could mobilise and represent the population and hold the government to account. A number of large, professional NGOs have duly emerged, which are effective in collecting information, promoting public awareness (e.g. voter and rights education) and conducting consultation exercises, particularly over draft policies and laws. To an extent, such NGOs have been secured a place in the policy process - although their right to be consulted on legislation and policy is still to a great extent dependent upon their international backing.

NGOs have been less successful in confronting the government over issues of criminality and abuse. NGOs have been reluctant to campaign on political issues, such as extrajudicial execution of political opponents, often leaving these to international counterparts. Where NGOs have become involved in grassroots protests, they have been threatened and their activists arrested. Thus while government appears content to receive technical advice from NGOs, they have resisted allowing NGOs to take a role as mobilisers of public opinion.

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The *direct* input of the general public into policy making, let alone that of the poor in particular, is extremely limited. This is due to both a lack of trust and communication between the poor and the government, and the lack of the material and organisational resources on the part of the poor which limits their ability to initiate and sustain political campaigns.

There have been efforts to institutionalise citizen participation in local planning and public sector management. Local participatory fora set up to provide input into local resource and service management (e.g. Village Health Committees and Village Forestry Committees) are one example. The elected Commune Councils is another. In both cases, local people appear to have engaged enthusiastically and to have used the new structures to press claims. However, the government has been more guarded, with early indications of attempts, particularly in the case of commune councils, to punish opposition to government priorities within these bodies.

Attempts by donors to work at the grass roots level have encountered a number of problems. First, there is the danger of overwhelming local capacities. In relations with both the local state and the NGO sector, the steep differential between international and local actors in confidence, power, and resources tends to result in actions which reflect international priorities. This undermines rather than enhances local confidence and perpetuates relations of dependency. In attempting village-level socio-political engineering, problems have arisen from uncertainty over the boundaries of villages, the status of migrants or displaced persons, the relationships between villages, and relationships between local and supra-local layers of government. On the other hand, the very fluidity of the situation in the periphery sometimes permits greater scope for imaginative interventions. Villagers are often clearly enthusiastic for such interventions, not just for the material resource transfer involved but also for the chance to influence service provision.

External influence and political space

Having said this, public mobilisation has increased dramatically over the course of the past decade. Protests over land expropriation; strikes; and demonstrations on political issues such as corruption and the integrity of elections, have all become commonplace in Phnom Penh. While donor-led reforms have been relatively unsuccessful in terms of rationalising the state, donor engagement appears very successful in terms of creating political spaces in which grievances can be expressed by the poor themselves. While government concessions in response to such protests are rare, and violent repression of such protests has occasionally taken place, the fact that ordinary people keep coming back suggests that the poor themselves place a high value on their ability to voice their complaints. In doing so, they assert a duty of accountability on the part of the government and a right of dissent on their own account. While the government has not yet acquiesced to this assertion, nevertheless the articulation of this position denies customary legitimacy to rent-seeking as a practice of “patronage” and places pressure on the government to find ways of bolstering its authority, as opposed to its power.

Recommendations

The Cambodian political system remains in many critical respects profoundly anti-developmental and anti-poor. There are no obvious magic bullets with which to address the deep-rooted structural problems that gave rise to and sustain this system.

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However, there are a number of points at which opportunities may exist for the introduction of reforms which may serve to shift incentives and sanctions in ways which, directly or indirectly, result in more favourable relations between the political system and the poorer sections of the population. Some of these are very long term; speculative; entail a degree of risk; and / or are difficult for donors to engage with.

- Provide new forms of support to the development of civil society, seeking to facilitate links between the professional NGOs and the more grassroots social protest movements. Done carefully, this could strengthen the legitimacy and negotiating power of the former, and provide the latter with strategic guidance and political protection.
- Provide consistent, sustained and flexible support to the long-term evolution of the new Commune Councils. It is likely that the Councils will continue to need intensive capacity-building support, and will continue to have little direct impact upon poverty, for several years yet. However, the potential gains from the emergence of legitimate and capable Commune Councils – directly, in terms of more accountable management of public investments and services, and indirectly, in terms of feedback through the party systems about what aspects of governance are going to result in the loss of votes in national elections – are such that they justify long-term support. As part of the evolution of the Councils’ mandate, they should be encouraged to build horizontal linkages with service delivery structures.
- As a support to the above, actively supervise the conduct of District and Provincial authorities, encourage them to treat CPP and non-CPP Council leaders and councillors on equal terms – and protest when this equity in treatment is not sustained.
- In order to start separating the state from the CPP, seek to develop points of contact with the CPP and those within it who are more forward-thinking and strategic in outlook. This could involve engaging party leaders in more open dialogue with other domestic and international actors, and increasing the rewards (in terms of status and resources) available to those adopting more pro-poor policies.
- Experiment with approaches which address unproductive military expenditure not by demobilisation, but by seeking to divert military personnel and resources into developmental activities.
- A more experimental approach might involve using a system of competition and incentives to encourage innovation (or even just basic performance of functions, such as attendance of teachers or clinic staff) amongst lower levels of government. If the problem at present is in part that there are powerful incentives for local government staff to engage in informal bargaining for rents with local commercial or community interests, it may be worth allowing and encouraging *formal*, rule-bound joint venture and profit-sharing arrangements with commercial interests and community organisations. If successful, this could open up more sustainable financing for public actions that promote development – and reduce the rents that senior levels of government currently demand for ignoring such entrepreneurial salary-supplementing activities. The formalisation of user fees in the health sector is a good example of this.

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- In the long-term, such efforts to encourage the formal and transparent conduct of mutually-beneficial relationships between local government and local commercial interests might coalesce into the development of coherent commercial classes within the Provinces. Elsewhere in south-east Asia, the emergence of regional commercial interests led to pressure for more effective representation of their interests in politics – and created an incentive for regional elites to enter into alliances with the regional poor which, lop-sided as they may be, result in some benefits to the poor. This would be one way to challenge the dominance of large (and mainly foreign) corporations in shaping Cambodian policy. This is not an easy option: it will not, in the short to medium term, be clearly pro-poor, and there are serious risks that formalised intra-elite benefit-sharing is not better than informal arrangements. Potentially, however, it encourages local government to accept the need for transparency and rules: the payoff for them is that it reduces the transaction costs, in terms of the cut of informal rents that higher levels demand. In doing so, it may draw out opportunities over the long-term for progressively expanding the representation of communities and, within these communities, the poor within regional politics and policy-making.
- Support the resurrection of the National Congress – a mechanism of accountability used during Sihanouk’s rule in the 1960s, and provided for in the 1993 Constitution. Although not without its difficulties, such a Congress is imbued with a customary legitimacy and provides an opportunity for confronting officials with public grievances.
- In a similar vein, promote opportunities for communication between levels of the government. The annual National Health Congress provides a good sectoral example of a forum in which Provincial and central staff have been brought together to discuss experiences and debate policy direction. Creating forums within which Commune Councillors can debate with higher-level officials is particularly important. Given the novelty of the Commune Councils, they have not yet been incorporated into many aspects of policy-making. Once again, however, the health sector provides a good example of what might be attempted (the Joint Annual Health Sector Review).
- Seek to further improve the individual and collective conduct of donors, exercising discipline in TA and project identification, and promoting mechanisms that improve coordination and coherence within sector policy. This would include efforts to further develop the policy and public expenditure systems necessary for sector-wide approaches and medium-term expenditure frameworks. Good communication and coordination can partially offset the problems of donor unilateralism, allowing it to be repackaged as specialist contributions to sector policy. When an influential donor cannot or will not subordinate planning, financial and reporting requirements to those of the Ministry of pooled donor support, efforts should be made to find a middle path by which their specialist inputs can be integrated into sectoral policy with a minimum of distortion.

In the long term, there are a number of more intangible, tectonic processes which might act as, if not to drive change, then at least to clear the road. These would include gradually increasing education and literacy, economic growth and diversification, incremental improvements in public sector salaries, and greater

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volume and circulation of Khmer-language policy analysis and debate. The effects of these long-term trends on the attitudes and interests of political actors is hard to predict and likely to be complex and dynamic but, on balance, to serve to deconcentrate power within the Cambodian political system, to the net long-term benefit of the poor.

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Preface

Background to the study

This report is one of four commissioned by the UK Department for International Development (DFID), and one of two of these four studies that were carried out by the London-based Overseas Development Institute (ODI)¹. These four country studies were commissioned in response to a sense that knowledge and understanding of underlying political systems and the mechanics by which policy-making changed in a pro-poor direction was weak within DFID. Recent work by the likes of Khan, Easterly and Unsworth implies the need to pay more attention to the nature of power relations, the patterning of political accountability, and the ways in which the voice of citizens (and poor citizens in particular) is or is not reflected in the political process. By understanding the incentives to which the those with the power to define and implement policy respond, it is hoped that DFID might be able to better influence them in favour of the poor. The core of this research is thus to provide insights into how relationships within and between state and society influence the formal and informal decision-making process and thus policy outcomes for the poor. These insights should help to guide DFID (and other development agencies) in engaging more effectively with partners.

Approach and method

The ToR ask for a study which is “strongly empirical but situated within a coherent political science framework”, which would analyse government policy-making in Cambodia, with a focus on reviewing policy history over the past five to ten years. As in the other three studies, the review concentrated upon three policy “areas” (forestry, land and access to primary health care). In Cambodia, we were asked to treat the land and forestry sectors as one. Where possible, the researchers have sought to identify general trends (e.g. whether the poor are exerting more or less influence over policy than five years ago) and propose explanations for what changes explain these trends.

The study has drawn on both existing literature on Cambodia (covering the fields of politics, poverty, policy-making and implementation) and interviews with policy actors (in central and local government, NGOs, and donor organisations) and, on a fairly opportunistic basis, with groups amongst the poor, conducted over a four-week period of in-country research during February and March 2003. (A list of those met during the course of the research is included as Appendix 2.) Research into land and natural resource management and conflicts, health policy change, and decentralisation was carried out in Pursat and Kompong Thom provinces.

The authors benefited greatly from discussions with DFID advisors in Phnom Penh, Bangkok and London, both during the Inception Report period and later the in-country research visit. These discussions yielded two broad sets of comments. From London, it was suggested that we needed a more explicit theoretical underpinning to the research programme; from the country team, it was requested that we should look forward as much as back, and that the analysis should yield

¹ ODI has researched and written the Vietnam case study as well as this study of Cambodia. A team led by researchers from IDS have conducted the studies on Indonesia and Andhra Pradesh (India). The full ToR for the study are included as Appendix 1.

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practical guidance as well as academic insights. We have tried to reconcile these two sets of expectations as much as possible.

Structure and organisation of the report

This report is intended for a variety of audiences. The primary audience is the DFID Cambodia country team, for whom it is intended to provide a broader and deeper political analysis within which to situate their decision-making in response to specific sectoral policy issues. More ambitiously, we also make some recommendations in the final chapter: these too are relevant primarily to DFID staff in Phnom Penh, Bangkok and the Asia Division in London. The second intended audience is comprised of other policy actors – Government, donor and national and international NGOs – within Cambodia. Finally, the report is intended to be read alongside the studies of Vietnam, Indonesia and India as a case study for those interested in connections between political systems and pro-poor policy dynamics in developing countries.

It is anticipated that these various readerships will have different priorities regarding what they wish to take from the report. We have attempted to accommodate this in the structure and format of the report. In terms of the structure:

- ***Chapter 1*** provides the conceptual and theoretical structure for the analysis of state-society relations and policy-making, locating it in terms of the general literature on the connections between politics, policy and poverty reduction in the developing world. This should allow this report to be read as a stand-alone document without needing to refer to earlier documents (the proposal or the inception report), or the subsequent synthesis report.
- ***Chapter 2*** provides country background material intended to enable the general reader who is not familiar with Cambodia to understand the political system in context, and to make informed comparisons between this country case study and the other three. Those familiar with the Cambodian country context may wish to skip this chapter. The first section provides a thumbnail sketch of the historical background to contemporary politics in Cambodia. The second section draws on quantitative and qualitative research to describe the causes and nature of poverty in Cambodia, in order to provide a basis for judging what constitutes poverty-relevant policy change in the Cambodian context. The chapter also examines differences between and among Khmer and “international” actors’ perspectives on Cambodian poverty. It reviews what is known about trends in poverty over the last decade; and attempts to project likely trends over the medium-term, based on predicted directions of demographic, environmental and economic change.
- ***Chapter 3*** analyses the political system and the nature of contemporary state-society relations in Cambodia within which policy-making processes are embedded. It traces many of the key features of the contemporary political and policy tradition to the legacy of post-conflict state-building in the 1980s, and the subsequent transformation of this system during the 1990s. The key message is that the formal institutions of the constitutional state are at once sustained and subverted by informal networks of patronage that draw upon a traditional template but are driven by distinctively modern forms of rent. It attempts to describe the interests and capacity that exist at and within different levels of the

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political system, and examines various aspects of civil society and state-society relations in Cambodia. Finally, it will attempt to identify trajectories of change and the role of external influences.

- **Chapter 4** examines the consequences of the relationship between formal and informal institutions for the capacity and interests of policy systems. It reviews how the potential for reform in a sector depends heavily upon the potential for the extraction and consolidation of rent; examines the forces mitigating against the emergence of cohesive line structures, and how in some cases these have been, at least partially, overcome; and looks at how low salaries and poor communication act as impediments to the emergence of reform. It concludes by examining the arguments, presented by policy-makers, that change is beyond their control.
- **Chapter 5** relates the conclusions regarding systemic limitations on pro-poor policy-making to specific aspects of policy change in the health, land and forestry sectors. It examines the role of salaries as a constraint upon capacity and the sources of leadership for and resistance to policy change. It examines the importance of demonstration in building the case for policy change and the ways in which mismatch between the boundaries of administrative and line structures might undermine the effective exercise of accountability for service delivery.
- **Chapter 6** reviews experience to date with efforts to increase the voice of the poor in making and implementing policy. This includes strategies to create institutions within which the intended beneficiaries of state services can provide feedback to service delivery staff, helping to set the detail of policy, and to monitor implementation and performance. The second area of policy relevant to increasing citizen voice is that of democratising local government through the creation in 2002 of elected Commune Councils. Finally, this chapter examines the achievements and limitations of Cambodian NGOs as representatives of the poor in the policy process.
- **Chapter 7** summarises the key findings, and attempts to identify strategies (most of which are medium- or long-term) by which external actors such as a bilateral donor might hope to influence the evolution of the policy system in a pro-poor direction.

We have also attempted to organise material within chapters so that descriptive material – for example, on a given policy within the health sector – is contained within boxes or footnotes. Those familiar with both the country and the sector can easily read around these, to see how we interpret the significance of events of processes with which they are already familiar. Those who are not however already familiar with the issues can find in the boxes and footnotes the context for the analysis contained in the text.

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1 Conceptual framework

The subject matter of this research lies at the overlap of two fields which are often treated as largely distinct. This chapter briefly sketches the key concepts that we will draw from these diverse traditions.

1.1 Politics and development studies

The first broad field is that of political studies, political science and political history, with a focus on the nature of state-society relationships (from Marx and Weber onwards), power, and regime type. The connection between political studies and development studies, and the degree to which development policy has taken politics seriously, has waxed and waned over time. Much of the interest in developing world politics has been focused on “whole system” transitions (e.g. democratisation - Huntington 1991, Carothers 2002 - or state collapse through rebellion, revolution, or coup d’etat). Some of the work in this field involves examining panels of countries to see if there are consistent relationships between regime type and macro-level development outcomes (with the general conclusion that there is no clear link between democracy and poverty reduction: see Moore et al 1999, Hassan 1996).

Other approaches have looked in more detail at the nature of the state and its embeddedness in society. Some of this is highly context-specific, approaching contemporary politics through a focus on political culture and discourse which owes as much to anthropology as it does to political science (e.g. Kaviraj 1991). This literature does however provide a set of useful concepts with a high degree of generalisability. We will draw on the work of Bratton and de Walle (1997), who distinguish three levels of political or institutional analysis.

Political traditions are those long-standing cultural legacies that suffuse political and social institutions. Examples would include Weber’s Protestant work ethic, or its contemporary equivalent in “Asian” values of family-centred aspiration and acceptance of benevolent authoritarianism, commonly ascribed to Confucian east Asia². Another example of underlying traditions shaping political institutions and regimes would include the differing endowments of social capital used by Putnam to explain different economic and political trajectories in north and south Italy.

The traditional template of authority that continues to underpin much of Cambodian politics is one that is to a large degree shared with Thailand and Laos. Aspects of a discernibly Cambodian “political tradition” would include the use of a patron-client model for political organisation and mobilisation; an understanding of hierarchy as intrinsic to society (Chandler 1979: 302; Ovesen 1996: 34); and a conception of power as a zero-sum game (O’Leary and Meas 37-9,97-9). The role of political traditions does however need to be addressed carefully. It is necessary to make the distinction between i) acknowledging that there are observable historical continuities in political concepts and values, and that these vary between different countries, and ii) accepting a relativist argument that differences in political systems are not – or should not be – subject to purposive transformation. The major intellectual weakness of the strongly anthropological position is that it implies that political “cultures” are bounded, unchanging and independent of each other. By

² See Rigg (1997) for a summary of the “Asian values” discourse, and of its critics.

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ignoring the role of human agency and the exercise of power that is involved in construction and reproduction of culture, a focus on political traditions can be used to deny competence to comment, and reject any suggestions.

The question of a Cambodian “tradition” thus needs to be regarded as complex for a number of reasons. There has been extensive “invention of tradition” under both the French colonial regime and the (often very different) regimes that have ruled since independence (Osborne). Political traditions in Cambodia have been moulded over the decades through the influence of modern – and, in culturally relativist terms, largely “Western” - ideologies of nationalism, socialism and human rights; and by the extent of destruction, including the destruction of religious and educational infrastructure, during war and revolution from 1975 through to at least 1991. More recently, Cambodia has been subject to intervention by donors, non-governmental organisations and others seeking to reform political traditions. Alternative views of political culture drawn from a different conception of Cambodian tradition have been mobilised as part of the democracy promotion process in recent years. In particular, human rights and peace organisations have drawn upon Buddhist doctrines, such as the Ten Duties of Kings, and upon historical exemplars such as King Jayavarman VII, to promote a view of leadership as appropriately characterised by values of service, benevolence, mercy and tolerance. All these factors suggest the need to adopt a balanced perspective which addresses the mixture of continuity and change in fundamental political values.

The second level of analysis used by Bratton and de Walle – that of *political regimes* - can be defined as the sets of procedures that determine the distribution of power. Various attempts have been made to define criteria with which to categorise different types of regime. Dahl’s approach locates political regimes along two axes, firstly according to the degree of political competition (from monopolistic to pluralistic) and secondly by the degree of political participation (roughly speaking, the proportion of the population entitled to participate in politics on a more or less equal level). This is useful in understanding the broad contours of power relations within any given political system and the nature of its embeddedness in society. However, there are limits to which the interesting variations in either competition or participation can be captured on a scale, that is, as a quantity. While Cambodia can be classified in terms of political competition as a pluralistic (multiparty democratic) system, this characterisation provides only a partial description of the nature of political competition. A fuller description would have to reflect on the basis of that competition, in which ideological issues are largely displaced by the pursuit of power and material advantage, which significantly constrains the potential for the poor to benefit from the nominal choice between parties.

Similarly, the nature of the participation or inclusion of the population in politics in Cambodia cannot be captured completely on a scale that is independent of value judgements about what *type* of participation matters. If the implicit metric of participation is periodic elections, Cambodia scores well. Yet there are few opportunities for participation “between elections”: those that do exist are generally informal, and often malign in their effects on collective developmental outcomes.

In describing regime type – especially for the purpose of policy analysis - it thus seems helpful to complement a focus on participation and competition with attention to accountability and representation (Fox 1997; Jenkins and Goetz 1999a,

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1999b). Examining accountability and representation provides some observable phenomena to research³.

The third and last level of analysis used by Bratton and de Walle is that of *political institutions*. The term “institution” is awkward, as it is used in at least two different ways. In academic terminology, there is a commonly accepted distinction between institutions (“rules of the game”) and organisations (“players”) (North 1995: 23). In daily usage, however, the term institution is often used interchangeably with organisation, so that a Ministry of Health is also described as a political institution. Bratton and de Walle explicitly accept that the term can be used in both senses⁴.

Huntington links institutions and organisations in an interesting manner, defining institutions as “expected patterns of behaviour”, which helps to establish the distinction between organisations that are institutionalised (i.e. predictable in their procedures) and those that are not. O’Donnell argues that consolidated democracy is institutionalised democracy – ie. political actors work on the assumption that democratic processes will continue to be the major means of managing conflict in society. He also draws a distinction between formal institutions (elections, parliaments, courts) and informal institutions (patron-client networks, influence of elders: O’Donnell 1996). This helps to frame an analysis of the policy process, to the extent that regularised political frameworks are more accessible than discretionary and unpredictable ones.

Institutions and their organisational expressions help to provide a concrete focus for the examination of policy choices, in both the short and long term. By setting the rules of the game – and determining which actors are allowed to play – institutions both perpetuate and transform regime characteristics.

1.2 The policy process

The second broad field of relevance to this research is the more applied field of policy studies. This field typically i) examines how governments come to identify and define a policy issue; ii) identifies the influences upon policy formulation; and iii) analyses the process of implementation and feedback, and the factors (capacity, resources, incentives) which can result in policy outcomes which fall short of or contradict the intentions of policy-makers.

There are a range of conceptual models which purport to describe the policy process, starting with the rational or linear model. This assumes that policy-making moves through stages (agenda, analysis, decision and implementation) in a logical and technocratic manner. In practice, of course, this is a highly idealised model. Initial definition of the problem and identification of options are shaped by popular discourses, particular narratives of causality embedded within expert communities,

³ e.g. What kinds of organisations represent the poor? How do these identify and promote the poor’s interests? What forms of accountability are accessible by poor groups? What repertoire of contention or forms of resistance are available to or used by the poor? (Tilly 1986; Scott 1985)

⁴ “political institutions can be highly abstract notions, such as constitutional principles, or they can be expressed concretely in actual organisations, such as trade unions, political parties, or the military. They include key aspects of formal politics, like the judiciary, but also informal customs such as patronage, clientalism, seniority principles, or lobbying” (1997: 40).

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and the preferences of powerful stakeholders. The first major critique of the linear model thus focused upon how policy issues are constructed. This *incrementalist* school emphasises the incentives towards evolutionary rather than revolutionary change: only a few crucial consequences are weighed, amongst which political rather than technical merit often prevails, resulting in “disjointed incrementalism” (Linholm 1980). Other alternatives include *rational choice* or neo-classical models, which posit policy choice as the outcome of public officials responding (to gain election or rents) to groups in society who organise to lobby in defence of their interests. Each side is assumed to be well informed and to act rationally - leading to criticism that the approach is overly theoretical and atomistic.

Elite-centred models emphasise the ways in which policy-making is embedded in power structures: choices are seen as the outcome of struggles between factions within political and bureaucratic elites, who may be motivated by self-interest or altruism, implying that the values and perceptions of social elites are important influences. *Institutionalist* perspectives analyse policy choices and outcomes through the lens of political institutions, seeing the state either as an actor in its own terms and at least semi-autonomous of society, or as an arena for competition between competing social and economic groups. There is much complementarity and overlap between institutionalist analysis and *interest-based* approaches, which focus on the role of political and social interests in shaping policy choices and implementation. Influence is seen largely as a function of a group’s capacity to articulate and organise a cohesive identity, pursue collective action, and form effective coalitions.

For our purposes, one of the key conclusions from this literature is that the idealised distinction between formulation and implementation is in reality often blurred. Public sector policies are almost always transformed during implementation because “front-line bureaucrats” responsible for service delivery have the scope to exercise discretion during implementation, so shaping what service is provided to whom.

1.3 Relating the political system to the policy process

While there is clear overlap, policy research has often been treated as a relatively autonomous sub-discipline within political science, and dominated by research on Northern governments. Some authors have addressed how specific aspects of the political system affect service delivery and development outcomes (e.g. Jenkins and Goetz), but only a few have (e.g. Grindle or Tandler) have really addressed the links between politics, policy-making and outcomes in a broad and systematic manner.

The conceptual framework used in this study draws pragmatically upon political science, policy studies and the contemporary social science literature on Cambodia. One of the challenges is to suggest which aspects of the policy process can be most clearly related to the successively deeper levels of political substrate. There is a presumption that political institutions change more rapidly than regime type; and regime types, in turn, change faster than the political traditions (assumptions regarding the basis of authority and legitimacy) in which they are embedded. For an external actor such as DFID, there is a need to know what concrete problems with the policy process are amenable to resolution in the short- to medium-term, through reformulating institutions; and which are so deeply rooted that they are only likely to respond slowly to long-run historical changes (such as increasing urbanisation, literacy, and the emergence of new economic and social groupings) and so must be worked around rather than addressed directly (Unsworth 2001).

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2. Country context

2.1 Historical background

In explaining the current poverty of Cambodia, the devastation wreaked during the 1970s, and the role in this process of factors external to Cambodian history (namely Cold War geopolitics), is so great that it can obscure the influence of Cambodian history and political culture. To understand the possibilities for poverty alleviation in contemporary Cambodia it is useful to have some idea of the historical forces which have shaped Khmer society and politics.

Pre-colonial and colonial history

Topographically, Cambodia has been described as a tilted saucer. Forested highlands drain inward to wide plains and an large, shallow central lake (the Tonle Sap) and then, following the “tilt”, to the south-east as the Tonle Sap river. With the start of the rains in May rivers rise until the Tonle Sap floods to cover much of the central plains. The roots of Khmer culture lie in the “Indianisation” of the people who lived on these floodplains. Between the first and eighth centuries this village-based society was drawn under centralised authority, flourishing into the Angkorian empire. Khmer power extended over much of mainland south-east Asia from the ninth to the 13th centuries, but then waned rapidly as insecure monarchs ceded autonomy for the dubious protection of Thai or Vietnamese kings. By the early 19th century Cambodia was on the verge of being absorbed by its neighbours. Incorporation into French Indochina thus ironically preserved Cambodia as a political unit. It re-emerged from the collapse of French colonial rule in 1953 as an independent but weak power, its culture and economy but not its politics largely unaffected by 90 years of French control (Chandler 1978; Tully 1996; Barnett 1990).

Post-colonial politics: institutional underdevelopment, the Cold War, and revolution

For its first 17 years, independent Cambodia was dominated by the figure of Prince Sihanouk. Put on the throne by the French in 1941 as a pliable playboy prince, he became alarmed by the growing radicalism of the independence movement and neutralised its republican elements by renouncing the throne to campaign in electoral politics. Sihanouk won a series of elections, exploiting his semi-divine status and charisma to appeal to the peasantry and his control of the police to intimidate or murder rival candidates (Frieson 1996; Heder 1998a, 1998b). While he kept Cambodia officially neutral in the conflict in neighbouring Vietnam, he failed to build political institutions or tolerate democratic opposition. His highly personal rule frustrated the small but growing class of educated urban Khmers, who turned to radical political alternatives. Eventually, his balancing act failed. In 1970 he was overthrown in a right-wing coup, led by General Lon Nol and welcomed by the US (Muscat 1989 pp. 7-15; Summers 1986; Ear 1995; Osborne 1994).

Shawcross (1979) argues convincingly that US policy made possible Pol Pot’s rise to power. The exiled (and still extremely popular) Sihanouk entered into a “united front” with the communists he had previously disparaged as “les Khmer Rouge” (KR). Lon Nol permitted US B-52s to bomb the countryside in an effort to destroy (Vietnamese) communist forces, inflicting massive losses upon the rural majority.

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Under these circumstances the KR began to attract popular support for the first time and the conflict degenerated rapidly into a brutal civil war. Within the “united front”, the KR consolidated power, purging Sihanoukists and Vietnamese-trained cadres. Following victory in 1975 a clique of extremists, driven by rabid nationalism and uncompromising agrarian communism, came to control the revolutionary state. Towns were emptied and religion and money abolished. Although the severity of the revolution varied between regions, life everywhere was characterised by unremitting hard labour, hunger, and the threat of execution⁵. Estimates of “excess mortality” vary, but are commonly placed at around 1.7 million. Most died through starvation, exhaustion and disease, but hundreds of thousands were executed. Officers and officials of the Lon Nol regime were killed in 1975; later, the revolution turned on itself. The dominant, Pol Pot faction sought to reclaim the Mekong delta, lost to Vietnam since the 17th century. Raids on southern Vietnam killed thousands of civilians. The Vietnamese responded in force in December 1978, swept the KR west to Thailand and installed a new government, composed largely of KR cadre who had fled to Vietnam to seek sanctuary from the purges. This government - the People’s Republic of Kampuchea (PRK) - ruled Cambodia throughout the 1980s.

From recovery to development: state-building, low intensity conflict and aid

Reliable information about the true scale of the emergency was hard to obtain in the years following the fall of the KR. The Vietnamese, having liberated Cambodia from a nightmare, unfortunately “forgot to go home”, and were viewed with extreme distrust by most Cambodians (and Thais, Americans and Chinese). Three resistance groups emerged along the Thai border: the remnants of the KR, FUNCINPEC (a royalist group led by Sihanouk) and the KPNLF (the Khmer People’s National Liberation Front). These groups organised the displaced border population into camps, from which they attacked PRK and Vietnamese forces.

The division of the Cambodian population between the majority controlled by the PRK and the border Khmer controlled by guerrilla groups set the conditions under which aid was channelled to Cambodians over the following decade. It is possible to identify three phases of international aid to Cambodia (Charny 1992). In the first, emergency phase (1979 to 1981), relief aid within Cambodia was administered by a Joint (UNICEF-ICRC) Mission and a consortium of international NGOs. On the border, the Thai government allowed UN agencies and NGOs to start a major refugee relief operation. The decision to aid the border was made with little knowledge of conditions in Cambodia, and divided the aid community: it certainly helped the anti-Vietnamese coalition by drawing people and aid away from the PRK and consolidating the guerrillas (Shawcross 1985; Benson 1993).

At the start of 1982 the emergency was declared over, but Vietnam showed no sign of withdrawing. The members of the UN, embarrassed about continuing to vote Cambodia’s seat to the now reviled KR, brokered a diplomatic solution whereby KR, FUNCINPEC and KPNLF guerrillas united in a Coalition Government of Democratic Kampuchea (CGDK). This fictional state was voted Cambodia’s UN seat for the remainder of the 1980s. The government in Phnom Penh, denounced as a Vietnamese puppet, entered an “isolation phase” from 1982 to 1989. Most

⁵ For different perspectives, see Burgler 1990; Chandler 1991; Jackson (ed.) 1989; Vickery 1984; Kiernan 1996. On regional variations, see Kiernan 1983; Vickery 1984; Barnett 1983.

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donors withdrew and territorial Cambodia (as opposed to extra-territorial Cambodians) was denied access to most of the multilateral aid system. While the Soviet bloc and a small number of Western governments provided aid, as did a few NGOs and those UN agencies whose charters entitled them to work in countries unrecognised by the General Assembly, total non-COMECON aid dropped to around 15% of the level seen during the emergency period (UNDP 1990).

The PRK was autocratic, its human rights record poor and it is remembered with distaste by most Cambodians. Nevertheless, it did stabilise the emergency prevailing in 1979 and, despite being cut off from most of international aid, achieved slow but steady improvements in living conditions (Vickery 1990; Mysliwiec 1988). Collective groups - *krom samaki* - ensured equal access to the scarce male labour and draft animals available in 1979-80, but as the economy recovered came to be seen as a hindrance to further growth. Spontaneous decollectivisation, formalised through liberalisation in 1989, accelerated growth and was welcomed by most, but vulnerable groups lost important forms of social security (Frings 1993). Meanwhile the second civil war between the Vietnamese-backed PRK and Chinese-, Thai- and US-backed guerrillas dragged on, imposing a terrible strain upon PRK efforts towards recovery.

Cambodia's transitions: peace, democratisation and economic liberalisation

In 1989 the Vietnamese, suffering from international isolation and the withering of Soviet aid, withdrew their troops. CGDK forces intensified their effort to oust the PRK, but once again the conflict dragged to a military stalemate. Outside powers exerted pressure on their Cambodian clients to reach a political solution, resulting in the Paris Peace Accords of October 1991. These made provisions for a UN peace-keeping operation of unprecedented cost and scope to supervise the transition from one-party state and civil war to a peaceful multi-party democracy. The United Nations Transitional Authority in Cambodia (UNTAC) was to supervise disarmament and demobilisation of the majority of each faction's forces; organise repatriation and reintegration of the 350,000 border refugees; coordinate international reconstruction aid; and ensure conditions for "free and fair" elections between the civil-war-antagonists-turned-political-parties. International funding agencies resumed relations with Cambodia and the number of aid agencies and international NGOs working in the country mushroomed.

The UN is determined to present UNTAC as a success story; others have been more critical⁶. That elections succeeded in May 1993 does credit to elements of the UN operation, but also reflects a great deal of luck. With a turnout of just under 90%, FUNCINPEC won 51% of the vote, CPP 43%. CPP elements charged electoral fraud and threatened to secede with the eastern half of the country. A deal was brokered: CPP and FUNCINPEC would govern as a coalition, bringing those who had power without legitimacy into alliance with those who had legitimacy without power⁷. This compromise shaped the course of Cambodian politics up to July 1997.

⁶ Compare UN 1995 with Utting (ed.)1994; Findlay 1995; Metzl 1995. Frieson 1996 notes that UNTAC's positive impact upon Cambodian political consciousness was offset by its perception by Khmers as first and foremost "the richest patron in centuries".

⁷ Ashley 1998 p. 52. Heder and Ledgerwood (eds.) 1996 provide the best analysis of the encounter between UNTAC and Khmer political culture: see also Frieson 1996; Neher and Marley 1995. Fitzgerald 1994 assesses the economic impact of UNTAC.

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The CPP and FUNCINPEC agreed to share power through two Co-Prime Ministers (Hun Sen for the CPP and Prince Ranariddh for FUNCINPEC) and by allocating Royal Government of Cambodia (RGC) ministries by party. This, unsurprisingly, proved far from ideal and the optimism born of the elections soon ebbed. Economic growth was impressive but highly concentrated around Phnom Penh. Neither party was willing to attempt the structural changes to political and economic arrangements necessary to secure equitable or sustainable development. The CPP refused to yield control of state institutions: at least initially, FUNCINPEC leaders appeared too preoccupied with enjoying the spoils of (shared) office to mount an effective principled opposition. Corruption became endemic; press freedoms were eroded; illegal logging under the command of civilian and military officials was rampant; soldiers exploited and abused the civilian population; and the judiciary was routinely corrupted or intimidated (Shawcross 1994; Chandler 1994; Woods 1997). Democratic principles and civil rights were eroded on many fronts.

From January 1996 the main theme in Cambodian politics was the increasing tension between the two coalition partners. Ranariddh led a change in FUNCINPEC strategy, opening a split in the coalition which widened rapidly. The strategy was ill-judged, flirting with massive CPP reaction and eroding FUNCINPEC's already tenuous claim to moral superiority. This opportunism was seen in the way the struggle between the parties became interwoven with the changing nature of RGC policy towards the Khmer Rouge⁸. From early 1996, party rather than national interest dominated the brokering of mass defections, as both parties competed to strengthen their position by acquiring more soldiers or forming electoral coalitions. Tensions escalated with the interception of FUNCINPEC arms imports and FUNCINPEC attempts to negotiate with the KR of Anlong Veng. On July 5 1997 the CPP launched a coordinated attack on FUNCINPEC units and offices, justified as a pre-emptive defence against a planned FUNCINPEC coup (MFA 1997; Fowler 1997; Curtis 1998). Ranariddh and other FUNCINPEC leaders, warned of impending danger, had fled abroad. Joined over following months by other leaders who slipped through the CPP dragnet, Ranariddh sought – with some success – to mobilise international condemnation of the coup.

The coup scared off thousands of foreign residents and wealthier or politically vulnerable Khmers. Many aid organisations scaled down their operations and a few left completely. Political tension during the negotiations for the return of opposition MPs and the subsequent run-up to the 1998 elections coincided with the effects of the 1997 Asian economic crisis. The result was greatly reduced investment and dramatically slower growth. The elections in July 1998 were judged by the to have been “free-ish and fair-ish”, with the increased vote for the CPP seen at least in part as an expression of the hope that conferring legitimacy upon those who have power would avoid a return to full-scale civil war. The losers, Ranariddh and Rainsy, refused to accept defeat, resulting in a political impasse. Mass demonstrations by the opposition were met by police violence and CPP counter-demonstrations. Having secured some concessions, FUNCINPEC eventually acceded to Hun Sen's demand that they vote to approve the new assembly.

Foreign investors and the aid system still have little confidence in the stability of Cambodia's current political arrangements. The prospects for an active and

⁸ In 1996 the amnesty programme resulted in the extraordinary defection of the Pailin zone, whose leaders received legal immunity and continued control over a semi-autonomous Pailin.

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committed developmental role for the state - whether or not that state was democratic - still seem very remote.

2.2 Poverty and policy in Cambodia

Poverty status and trends

Data from the Cambodia Socio-Economic Survey (CSES) suggests that in 1997 (the last year available) 36% of the Cambodian population - 90% of them to be found in the countryside - fell under the poverty line, defined in terms of p.c. household expenditure. Very poor standards of education, literacy, and health status can be explained by reference to low household income, underdeveloped markets and a poorly resourced, low capacity and corrupt post-conflict state. Cambodia's human development indicators are amongst the worst in south-east Asia.

Given that national-level data has only become available within the last decade, it is hard to be confident about the direction, size or distribution of trends in poverty. Poverty almost certainly declined between 1993/4 and 1997, albeit modestly (c. 3%)⁹. Progress was most marked in urban areas outside Phnom Penh (where the poverty rate recorded in the two surveys fell from 37% to 29.9%), with more modest declines seen in rural areas (from 43% to 40.1%) and Phnom Penh (which was static at about 11% in both rounds). It is notable that poverty fell far slower than the economy grew (which averaged 5-6% p.a., or 22-26% in total, between 1993 and 1997). That a sustained high level of economic expansion over the mid-1990s resulted in a mere 3% decline in poverty corroborates anecdotal indications that the benefits of growth were concentrated and that inequalities grew rapidly as a result.

Between 1997 and 1999, in the face of political instability and the spillover effects of the economic crisis in Thailand, it is estimated that the poverty rate at best remained level, and in all likelihood rose (Acharya 2001: 4). At the same time, there is emerging evidence that the well-being of the Cambodian population as measured in terms of some non-monetary dimensions of poverty – particularly in terms of health – has declined somewhat since 1997. The latest figures suggest, for example, that under-five mortality has increased.

Looking forward does not give much ground for optimism. Economic growth had limited impact on poverty reduction over the mid-1990s largely because it was strongly concentrated in urban areas and in industrial and service sectors. Agriculture, central to the livelihoods of the majority of the poor, grew at only 2-3% p.a.: this “just about kept the growing population fed; it has not helped alleviate rural poverty” (Acharya 2001). A number of factors suggest that this low rate of agricultural growth is more likely to decline than increase in the near future. The relatively modest gains up to 1997 were achieved largely through expansion of the cultivated area, rather than through improvements in agricultural productivity (which

⁹ Changes in CSES methodology mean that the rate in 1993/4 (39%) and in 1999 (36%) are not directly comparable. The net effect of the changes was probably to underestimate poverty in 1993/4 and overestimate it in 1999: it is likely that the actual decline was more substantial than 3% (an impression supported by other sources, such as national accounts, declining household reliance upon food aid and improvements in IMR and enrollments: World Bank 1999: 31-3). This is however still not particularly dramatic for a five year period, especially in the context of rapid economic growth.

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remain extremely low). As the amount of land suitable for agriculture but not yet cultivated shrinks, gains in growth achieved to date cannot be sustained and growth will decline unless radical improvements in productivity are attained. The slowdown in agricultural growth and its effect on rural poverty is likely to be compounded by the emergence of landlessness on a national scale, in a way that in Cambodia has not seen in the past. The concentration of available land in the hands of larger landowners reduces the strength of the connection between any agricultural growth on the one hand and the livelihoods and incomes of the poor on the other.

Finally, the production risks associated with the Cambodian pattern of low-input, subsistence-oriented agriculture appear to be increasing. A more extreme hydrological regime (attributed at least in part to the removal of forest cover) has in recent years resulted in a series of unusually high and extensive floods and attendant widespread crop loss.

There is thus little reason to believe in agriculture-led poverty reduction under current conditions. In the absence of alternative livelihood opportunities (either agricultural or non-agricultural) in the rural economy, and in the face of increasing competition for urban opportunities, the growing number of landless households account for both a large proportion of the currently poor, and a significant proportion of those households which might not be poor now but which are extremely vulnerable to falling into poverty in the face of any future crisis.

The vulnerability of significant proportions of the population – that is, their exposure to the risk of future poverty – appears to be increasing, often dramatically. The loss of access to common property resources, and the decline in the productivity of those resources, threaten rural livelihoods throughout Cambodia. For the urban poor, the loss of US trade privileges in the coming year poses a serious threat to the nascent garment industry, and the employment and incomes that this has provided to a small but significant number of low-income Cambodians.

Poverty as political discourse in Cambodia: popular and elite views

There has been considerable research conducted into how communities, including the poor themselves, perceive poverty. At one level, Khmer understandings of the nature and causes of poverty are fairly close to those of most INGOs and donors. Participatory studies tend to reveal that the poor (*neak kror*) are seen as those without productive assets or consumer durables, with no land or land that is inadequate to support the number of household members, and so on (ADB 2002; Conway 1999 pp. 181-188). The Khmer classification of people seems to follow a fairly straightforward and materialist distinction between wealth and poverty¹⁰. It is worth noting that the adjective “rich”, *mean*, is also the verb “to have”: although there are other important distinctions based upon status or power, the most common framework for social classification, certainly at a local level, is one which distinguishes between “haves” and “have-nots”.

¹⁰ This should not be surprising: but in attempting establish the legitimacy of multidimensional, locality-sensitive definitions, some advocates came to imply that the poor understand poverty in terms that are *primarily* non-material in nature (see Moore et al: 1998 for a critical review).

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If the definition of poverty is one that is largely shared between the poor, the non-poor, and Khmer and foreign policy-makers, there are some differences with regard to the explanation of poverty. Even here there is substantial overlap. The immediate causes of household poverty (crop failure, inability to work land due to lack of tools or labour power, etc.) are obvious and recognised by the poor and by well-informed policy-makers alike. Generally speaking, Khmer communities are less hesitant than INGO or donor staff to attribute poverty to vices: the poverty of particular households is often attributed to gambling, drinking, or lack of family harmony. The rich, by contrast, are often seen to have got where they are through “good ideas” (*kbomnuht khpus*) and hard work.

Some differences emerge regarding deeper, structural explanations of poverty. Particularly in the countryside, Khmers will sometimes refer to religio-cultural conceptual frameworks, explaining poverty in this life as due to a lack of merit accumulated in previous lives. The practical significance of this is however easily exaggerated by non-Khmers. As in all cultures, several ontological frameworks can co-exist without necessary contradiction: the poor can explain their lack of luck at a fundamental level as being due to low merit, while nonetheless struggling to overcome immediate practical barriers to a better life in the present. Interestingly, monks interviewed during the PPA explicitly rejected most of the karma-based explanations of poverty, locating causality in secular power (ADB 2002).

Explanations of poverty obtained through participatory methods tend to emphasise the role of the individual or household rather than social or economic relationships between households or groups (Neefjes 1993; Conway 1999; O’Leary and Meas 2001: 28). More long-term, macro-level factors cited to explain poverty include the low price of agricultural products imported from Vietnam and Thailand, low soil fertility, or floods; or, more occasionally, poor government, state corruption and exploitation. Typically, however, the poor take structural factors (e.g. the inadequacy of government services) as a given, and then explain (local) wealth differences primarily in terms of individual or household capabilities or trigger events that precipitate a livelihood crisis.

There are also important collective components to the prevailing Khmer discourse of poverty, which locate poor and rich alike in a national identity in which to be Khmer is intimately associated with poverty. These were brought out well in the PPA. Khmers perceive that Cambodia is rich in natural resources (land, forests and fish) and so find it hard to understand why Khmers have suffered such poverty for three decades now. This is commonly brought out in historical relief, by reference to Khmer wealth under Angkor and in an idealization of the *Sangkum* period before 1970. Finally, there are several levels of broad popular generalization about differences within Cambodia. The first is that towns are wealthy while the countryside is poor. Although an oversimplification, this contains a broad truth, and towns remain associated in rural eyes with wealth and modernity, but also to a certain degree corruption (e.g. the risk of seduction or abduction faced by young women coming from the countryside). There are also broad generalizations about the relative wealth of regions (e.g. that Battambang has no real poor population).

While there has been considerable research into popular conceptions of poverty in Cambodia, by comparison with some other countries (Hossain 1999; Hossain and Moore 2002), there has been limited systematic research into “elite” understandings of poverty. Whether poverty is seen as an issue by the “political classes”, and if so

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how, has implications for how national political actors relate to each other and to the poor. In most countries, there are substantial differences between the ways in which the poor themselves perceive poverty, and the ways in which the elite or “political society” see them. Whether or not there is a shared conceptual language of poverty also has implications for how policy-makers relate to external actors such as donors. The ways in which popular, elite and donor views on poverty do or do not coincide will shape the ways in which political leaders see their role, and the potential for political mobilisation around a poverty reduction agenda.

There might be *a priori* reason to believe that in Cambodia the differences between elite and popular views of poverty should be less pronounced than in other countries. With 90% of the population living in the countryside, most urban dwellers retain rural links, and most have memories of being reasonably poor themselves, perhaps within the last decade. This does not guarantee that the rich identify with or emphasise with the poor. It does however suggest that they are less ignorant about the broad practical facts of living in poverty than in countries in which wealth differences have been ossified in stable class or caste divisions reproduced over generations.

The closest that we have to a systematic insight into the perceptions and values of the non-poor comes from research by the NGO KAP into the attitudes of Khmer NGO practitioners, who enjoy relatively good salaries, access to training and recognised qualifications (although many had personally experienced poverty in the past: O’Leary and Meas 2001: 25-45). This sample may or may not have been predisposed to think more and more positively about the poor on entering their profession (ethical values and self-interest both play a role in seeking NGO jobs): some of those questioned credited a period of reflection and exposure to alternative modes of thought (through their NGO work) for changing their views. Their answers should thus be taken to be more considered and more sympathetic than those of other non-poor Khmers (such as Government policy-makers), but nonetheless a useful starting point as a guide to prevailing perceptions and values.

Components of this “middle-class” view of development – many of which are shared by poor Khmer communities on the one hand and by foreign aid professionals on the other – would include the following:

- Poverty arises from a lack of resources and knowledge: poverty reduction is therefore about the transfer of these resources and knowledge to the poor. There is apprehension about moving in the direction of a political or power-based analysis of poverty or engaging in micro-macro linking (as many CNGO staff are encouraged by their INGO or donor funders to do)¹¹.
- Development is synonymous with purposive action: development has to be brought to the villages by Government, Party or NGOs, and is assumed not to occur in the absence of these actors. Associated with this, the transfer of resources and skills can come to be seen as the end of development, rather than a means to facilitate it.

¹¹ This reflects a felt lack of familiarity with the necessary concepts, a fear of the consequences of addressing power, and a pragmatic perception that the powerful will not yield power and so it is better to work within the constraints of the system rather than challenge them.

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- Amongst the non-poor, a distinction is often drawn between some – perhaps many - who are poor because they are lazy, lack ideas, or indulge in vices such as alcohol, and the poor who work hard but never manage to escape poverty. (As mentioned above, this perception is not entirely at odds with perceptions amongst poor communities themselves.) More generously, some explain the inability of the poor to contribute to their own escape from poverty as due to physical weakness, hopelessness or lack of confidence. The primary sentiment expressed with regard to the poor was pity¹² and a desire to help.

This collection of views can be regarded as defining the “liberal”, broadly sympathetic non-poor perspective on poverty in Cambodia. The less sympathetic elite perspective is one which may or may not blame the poor for their own poverty (for their vices in this or a previous life, or for having “brains like a lobster”); but in either case expects deference and service from social inferiors, does not regard the poor as entitled to assistance from the rich, sees it as natural that those with power use it to protect and further their own interests, and does not assume the lives of poor and rich are of equal value or that poor and rich are intrinsically endowed with equal rights. Amongst policy-makers, a basic sympathy in principle for the poor is strongly tempered by a perception of the poor as illiterate, ignorant, and unamenable to government-led, policy-mediated solutions. As described in Chapter Six, this frames government acceptance of NGO participation in a way that distinguishes between professional and “responsible” NGOs on the one hand and irresponsible, dangerous grassroots movements on the other.

Poverty analysis and pro-poor policy

A relatively recent expansion in the information base means that evidence-based policy-making is now possible for the first time (a point made by several of those interviewed). The availability of essential socio-economic data on the population of Cambodia has improved greatly since the late 1990s, with a number of data collection and analysis exercises providing for the first time a *national* picture of the social and economic conditions of the Cambodian population¹³.

However, gaps remain, both in terms of certain types of information (such as a lack of panel data – see below) and the ways it is used. Recent years have seen a broad convergence in international thinking on what constitutes good policy-focused poverty analysis (i.e. that it should be multidimensional, take account of scale and dynamics, and so on: World Bank 2000, OECD-DAC 2001). Applying these principles in practice is however hard in Cambodia, where different RGC institutions, backed by different donors, have been responsible for different

¹² Although the translation of *annot* as pity is approximate: see O’Leary and Meas pp. 34, 59.

¹³ In 1993-4, the National Institute of Statistics (NIS) conducted the first LSMS-type survey in Cambodia (the *Cambodia Socio-Economic Survey*, or CSES). Baseline data from this (the first-ever national poverty line and FGT poverty estimates) was presented in the 1997 *Cambodia Poverty Profile*. Also in 1997, the second CSES was conducted; in 1998 the *General Population Census* (the first in 36 years) provided basic demographic data.. From 1997, the MoP began to produce thematic *Cambodia Human Development Reports*. The 1999 *Cambodia Poverty Assessment* used 1997 CSES data to provide more sophisticated analysis than that in the *Poverty Profile*, relating expenditure poverty to a range of household characteristics. NIS and MoH produced a *Cambodia Demographic and Health Survey* (CDHS) in 2000. Finally, in 2002 the ADB supported a national *Participatory Poverty Assessment* (PPA), which used a large number of village focus group discussions to obtain insights into the poor’s perceptions.

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initiatives in data collection and analysis. Integrating the findings of these various quantitative and qualitative perspectives on poverty constitutes the next big challenge in the effort to achieve information-based policy-making. The following are key points that should be borne in mind when seeking to define and implement pro-poor policy.

Firstly, it is important to keep in mind a distinction between proximate and structural causes of poverty. As in any country, poverty in Cambodia can be explained at a number of levels. Behind the immediate causes of poverty for a given household (e.g. crop failure, illness, high dependency ratio, loss of land) lie a range of structural factors (e.g. environmental degradation, poor quality and high cost public services, exploitative relationships with the local state, or underdeveloped markets). These are themselves changing over time, and can in turn be explained as the outcome of deeper historical events and processes (e.g. the way in which Cambodia became drawn into civil conflict through the operation of superpower geopolitics, or a political culture which has never effectively distinguished between the public and private interest of those who hold office).

Policy-makers are thus faced with a choice between addressing the immediate triggers that result in household poverty, or engaging with the reform of structural problems in ways that indirectly and over the long term address the fundamental causes rather than the symptoms of poverty. Any broad poverty reduction framework should reflect a balance between targeted actions which are explicitly designed to directly benefit the poor (e.g. exemptions policies backed by equity funds to allow the poor to use health services); inclusive actions which benefit the poor and non-poor alike (e.g. policies to improve the quality of health services); and enabling actions (e.g. policies to increase state revenue generation or improve the capacity of Ministries to plan and manage resources effectively). Most of the policy frameworks current in Cambodia do just this. This can be seen at the level of sectoral strategies (e.g. the MoH's *Strategic Plan 2002-07*) and in terms of cross-government policy frameworks (the NPRS or the SEDP II).

Secondly, there is a need for more attention to vulnerability, the distinction between chronic and transitory poverty, and the policy implications of these distinctions. At any one time, the snapshot poverty-line measure of aggregate poverty contains both dynamic and static components. Some households dip in and out of poverty on the basis of short-term shocks (from which with luck they then recover), or cyclical (seasonal or life-cycle) periods of stress. By contrast, other groups amongst the poor are born into or become trapped in a vicious cycle within which what may be seen as an outcome of poverty at one point in time - such as lack of education or poor health - in turn becomes a causal factor, limiting income opportunities and creating vulnerabilities. Such poverty traps result in the perpetuation or deepening of poverty over the course of an individual's life, and the transmission of poverty between one generation and the next.

The neat conceptual distinction between chronic and transitory poverty is always blurred in practice. However, the distinction has value in highlighting that there may be two different approaches to reducing the poverty rate, the first involving public actions that lift the currently poor out of poverty, while the second aims to prevent the currently non-poor from falling into poverty in the first place. Panel data analysis in other countries suggests that the factors that cause households to fall into poverty are different from those which explain the perpetuation of household

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poverty – implying that priority public actions to assist the currently or chronically poor may not necessarily be exactly congruent with the set of priority public actions best suited to protect the vulnerable non-poor (McCulloch and Baulch 1999).

The World Bank argues on the basis of the 1997 data that poverty in Cambodia is relatively “shallow”, in that a fairly large proportion of the 36% then classified as poor had p.c. expenditures only a little short of the poverty line (World Bank 1999: 33-4). A small improvement in their circumstances, it is argued, could lift them above the line. To look at the data from another direction, however, is to note that a large proportion of those classified as non-poor lie only a short distance *above* the poverty line. It would take only a small shock (either at the household level, or at the level of a region- or economy-wide, covariant shock such as widespread flooding) to push a great many households back down into expenditure poverty. It seems that this is just what happened in 1997-8, and to a degree also in the aftermath of higher-than-normal floods in 2000, 2001 and 2002.

This has implications for both the technical and the political aspects of pro-poor policy choices. Firstly, it suggests the need for new directions in policy research. While the information base on poverty has expanded greatly in Cambodia over the last decade, understanding of the household dynamics underlying change in the poverty rate remains underdeveloped, as Cambodia does not yet have household panel data of the kind available in (for example) Pakistan or Vietnam. It is possible to glean some insights into the processes shaping household movements into or out of poverty and how these have changed over time, but in general this remains an area that needs more attention¹⁴. Choosing between preventative or protective measures aimed at those vulnerable to transitory poverty on the one hand and “promotional” activities aimed at the chronically and / or extremely poor implies different patterns of beneficiary incidence - and by extension different strategies for political mobilisation.

¹⁴ See for example Oxfam XXXX, which traced the role of health expenditure as a factor explaining land sales; or Conway 1999: 185-187, 358-380 for case study analysis of the origins and evolution of differences in household wealth since 1979.

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3 The Cambodian state: political traditions, institutions, and regime change

3.1 *The origins of contemporary political institutions and traditions*

The current Cambodian state is a recently concocted hybrid, of 1980s reconstruction under the auspices of Vietnamese advisors espousing socialist ideology, and of 1990s reform under the auspices of liberal donors and technical advisors from the West. This section sketches the legacies of the 1980s, and the nature of the state as envisaged by reform initiatives of the late 1980s and early 1990s. The reform era began with economic reforms instituted in 1989, and the adjustment of state agencies to a new form of international engagement, heralded by the signing of the Paris Peace Accords in 1991, and continues to the reforms of political and legal institutions mooted by the passage of a new constitution in 1993. Section 2.2 addresses the problematic translation of formal constitutional provisions into working practice during the tense period of political and military contestation from 1993 to 1997, and at the intensive donor efforts since 1998 to promote further reform, particularly of the judiciary, bureaucracy and military, in the name of “good governance”.

Post-war political traditions: the legacies of state-building in the 1980s

The peculiarly destructive nature of the DK regime entailed that the first phase of state-building, from 1979, had to begin from the very foundations. This was due partly to the unusually non-institutionalised nature of DK rule - the regime had not only dismantled the judiciary and banking system, but had also closed schools and universities and abolished organized religion. It also reflected the far-reaching collapse of the DK executive apparatus, following the invasion.

Rebuilding the state from this point was difficult. The new regime in Phnom Penh – the People’s Republic of Kampuchea, led by the communist Kampuchean People’s Revolutionary Party – found it difficult to recruit state workers, for three reasons. First, the civil servants that had staffed state organizations in the pre-DK era had largely either fled or been killed during the late 1970s. Second, the association of the new regime with an invading Vietnamese army and the continued reliance upon a now discredited socialist ideology prompted reluctance to become associated with the new government. Third, in the chaos following the collapse of the DK, massive displacement rendered the reorganization of government difficult. The failure of the harvest in 1980 and subsequent famine added to the chaos, as did the establishment and feeding of refugee camps on the border with Thailand. Ongoing instability and mass movements undermined efforts to organise a new governing apparatus quickly.

By the mid-1980s, a recognisable state had been established, although its practical efficacy in terms of key state functions of mobilizing the population (eg. through conscription and for the K5 project), extracting resources (eg. the disastrous rice procurement programme), promoting ideological programmes (eg. the *krom samakkei* collectivization) and defending national territory (especially from the resurgent National Army of Democratic Kampuchea) was limited. The state comprised a national legislature, judiciary and executive in Phnom Penh, and a governing apparatus extending down to village level, comprising a hierarchy of national, provincial, district, commune and village executive officials, broadly corresponding to

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the inherited traditions of the French colonial state. Commune chiefs elected in 1982 remained in place until new elections in 2002. A judiciary had been established under the auspices of the Ministry of Justice, and provincial courts existed in the provincial capitals. The army was organised into a number of military regions, under the purview of Vietnamese divisions. A few state-owned enterprises were established, particularly in the rubber industry. The entire state system was closely supervised by Vietnamese advisors, whose influence is widely regarded to have been significant, even while their presence was apparently feared and resented by Cambodian officials.

Alongside the state, the Kampuchean People's Revolutionary Party maintained a nationwide organization, but it was numerically very small until its transformation into the Cambodian People's Party in 1989. Mass organizations, intended to elicit support for ideological programmes of state and party were established, but compared to their counterparts elsewhere in the communist world, these were relatively small also. The failure to mobilize enthusiasm for policy programmes is clearly seen in the failures of collectivization, state rice procurement and other key policies in the 1980s. Such failures emerged as much from the reluctance of local officials to attempt to implement them, as from the resistance of the local population. The general picture emerging from historical and contemporary research on the state in the 1980s is of a state that was weak, poorly staffed, and ill-equipped, connected internally by slender threads, and poorly linked to the society it purported to govern.

However, most officials allocated positions in the early 1980s remained in place until the turn of the century and beyond, and their perspectives in the later reform eras were significantly affected by the experience of the 1980s. At this time, the nascent state existed in a perpetual condition of near-collapse, starved of international recognition and resources, and under constant attack from brutal adversaries armed and supported by Thailand, China and, at least indirectly, the West. Equally, the 1980s state offered some significant advantages to its insiders, including free housing and rations of goods, shipped in from Vietnam, that were essential to survival. The importance of these in an impoverished and war-torn country suffering from severe food shortages should not be underestimated. Although the state was not particularly effective during the 1980s in terms of implementation of policy, it did succeed in building a base of officials whose allegiance was based upon the shared experience of weathering the storm, and a deeply held view that the imaginable alternatives to the 1980s system would have been infinitely worse.

The second phase of state-building saw this situation consolidated. The departure of the Vietnamese army and advisors in 1989 increased the national legitimacy of the Phnom Penh regime, at least in the eyes of insiders, as well as freeing bureaucracy and military to formulate their own goals. Economic reforms, which abandoned collectivization and opened the door to a largely unregulated free market, offered opportunities for enrichment, in particular to state and military personnel. The apparently mass embrace by these groups of rent-seeking practices in the context of the new free market should be set against the backdrop of rapid inflation, which quickly rendered their salaries almost worthless, and the end of payment via rations. The substitution of rent-seeking for salaries and rations as the main source of remuneration for state officials was successful in retaining and perhaps significantly strengthening allegiance on the part of state officials to the state¹⁵.

¹⁵ The point here is not that economic reform corrupted a pristine civil service (there is strong evidence that disposal of resources by state officials in the 1980s was conducted in a highly

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There were three corollaries to this. First, it did not go any way towards addressing the capacity of the state to implement policy effectively; indeed, permitting officials sufficient discretion of action to amass private wealth implied a necessary decentralization of powers and a decrease in the level of scrutiny of official activities - in other words, it entailed the need to turn a blind eye to significant areas of state activity. Second, it did little to reduce the politicization of the state apparatus vis-à-vis their civil war adversaries who, under the terms of peace negotiations that gained momentum from 1989 onwards, began to claim a role in a post-war Cambodian state. Rather, the investment of state positions with significant opportunities for personal acquisition of wealth, in an environment of extreme scarcity, added a material dimension to the ongoing and deeply felt ideological enmities of the civil war years. Third, the response of state officials to these reforms represented great difficulties for subsequent attempts by reformers to replace the abandoned (and never enthusiastically held) socialist ideals, ostensibly motivating the state in the 1980s, with a liberal ideology of professionalism, as a governing ethos within the bureaucracy and military.

Within this (revived and transformed) tradition of tolerating rent-seeking in the interest of state unity, the cohesion and effectiveness of the Royal government is to a great extent dependent, not upon the smooth and rational functioning of the institutions and processes envisaged in the constitution, but upon the operation of networks of individuals operating within them. These networks have emerged in the pursuit of an effective and personal, rather than formal and institutionalised, control over economic resources.

The scope of such networks is identical neither to the reach of the CPP, nor to that of the Cambodian state. Rather, these networks are formed from person-to-person ties, operative within and between key families, state agencies and party structures, but co-extensive with none of these. The leading personalities who form the major nodes in such networks are surrounded by relatives, clients, subordinates and other dependants, amongst whom power and resources are distributed.

Researching the nature of these networks is very difficult, due to the personal and private nature of relationships within them. Their scope can be deduced to an extent from flows of resources. For example, the recent shaking out of logging contracts in the forestry sector, ostensibly conducted in response to donor reform initiatives, has resulted in a consolidation of contracts in the hands of relatives and other close associates of the Prime Minister, at the expense of prominent figures in FUNCINPEC¹⁶. It has also been clear, since 1997, that a central concern on the part of civilian politicians is to use these networks to retain the personal loyalty of commanders within the police and armed forces. The competition for loyalties of defecting NADK units, and the ease with which the amalgamation of the CPP and FUNCINPEC armies of the 1980s into the Royal Cambodian Armed Forces broke down, in response to tension between the two parties, clearly indicated that units within the RCAF remained loyal to political leaders. It is also apparent that such loyalties go beyond merely party affiliations¹⁷.

partisan manner.), but that the move to the free market significantly raised the stakes and the devaluation of state salaries rendered non-participation in rent-seeking unviable.

¹⁶ Eva Galabru, personal interview, Phnom Penh, February 2003.

¹⁷ Within the police, in particular, a distinction has long been drawn between units under the control of Minister of Interior Sar Kheng (long considered to be a moderate member of the

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Within these networks, resources are distributed by a number of means. Firstly, there is engagement in entrepreneurial activities, in which followers do the work and pass upwards a cut of the profits to the commanders or senior officials, who organize the network, and ensure that it receives the protection of attachment to the centre. The widely reported engagement of the police in protection rackets in the sex industry is an example of this. Second, individuals can make money from eliciting fees and bribes from the population or from foreign investors – again, the profits from these activities are often shared between members of the sub-network involved. Profits range from the 500 riel demanded of students by teachers, to the million dollar bribes allegedly available to Prime Ministers for lucrative contracts. Third, senior officials receiving money and other resources from government budgets can skim money from the top – for example, through the widespread practice of claiming salaries and allowances for “ghost soldiers” within the armed forces. Sometimes the money comes from international and sometimes from national sources.

These resource flows are frequently described with reference to the idea of “patronage” – presumed to be an embedded practice in Cambodian culture. To an extent, the flows of resources that currently occur within the bureaucracy and military and the way that these are organised by senior officials through personal relationships with subordinates do conform to ideas of patronage that are customary throughout South East Asia. It is important to note, however, that the form of such patronage is specific to the contemporary era. In other words, the sources of these revenues emerge, not from traditional sources of wealth, but from distinctively modern ones, such as international aid, government public spending, and cross-border smuggling and trade in gems, timber and humans. The exploitative nature of these networks vis-à-vis the wider population, who are alienated from them, distinguishes these kinds of patron-client links from those described by anthropologists such as James Scott, as legitimating unequal relations between rich and poor in Vietnamese and Malay villages (Scott 1985). May Ebihara comments that while extensive patronage of either the customary or the invented variety was not apparent to her, in her year-long anthropological study of Svay Village in the 1950s, it had certainly come into existence when she returned there in the 1990s (Ebihara, personal communication).

Arguably, it is more accurate to describe these links as “invented tradition” – in other words, as “responses to novel situations which take the form of reference to old situations” (Hobsbawm). Although the forms may employ customary practices in terms of etiquettes of interaction between leaders and followers, the resources at stake, the context in which they are pursued, and the relationship of these to wider society are distinctively modern. Although data on public attitudes towards the functioning of the Cambodian state is scarce, the few surveys that have been conducted in Cambodia since 1993 suggest, in fact, the Cambodian public in general

“Chea Sim” faction of the CPP), and those under control of National Police Chief Hok Lundy (widely known as a close associate of Hun Sen). In a periods of crisis - the 1998 post-election demonstrations - reports surfaced of a refusal by Sar Kheng to assign MoI police to clear demonstrations. Equally, within the army, there have been clear signs that the Prime Minister has promoted personal loyalists into key positions of power.

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perceives the operations of entrepreneurial and rent-seeking networks within the state as burdensome¹⁸.

Indeed, part of the motivating power behind these networks, and their apparent invulnerability to reform pressures over the past decade, may be their very instability. Fearful for their future in a changing environment, insiders may cling to their protectors, and seek to exploit as rapidly as possible opportunities forever viewed as potentially “last chances,” thus paradoxically shoring up networks at the expense of reform. Equally, issues noted in Chapter 2 as inhibiting political organization within society, as opposed to the state, have entailed that there has been little organized resistance from the Cambodian population to the demands of state officials. In this situation, the loyalty of these networks may, at the turn of the century, have transcended merely the urge to line pockets while the going is good, or indeed preserving coalitions of loyalty within the state to resist the threat of “Khmer Rouge” – who after all, have now joined the very networks that were justified initially to prevent a Khmer Rouge takeover. Huge accumulations of wealth among the very rich are accompanied by signs that corruption, if not a traditional practice, is certainly become part of the culture of state institutions, gaining a momentum of its own which goes beyond functional rationality.

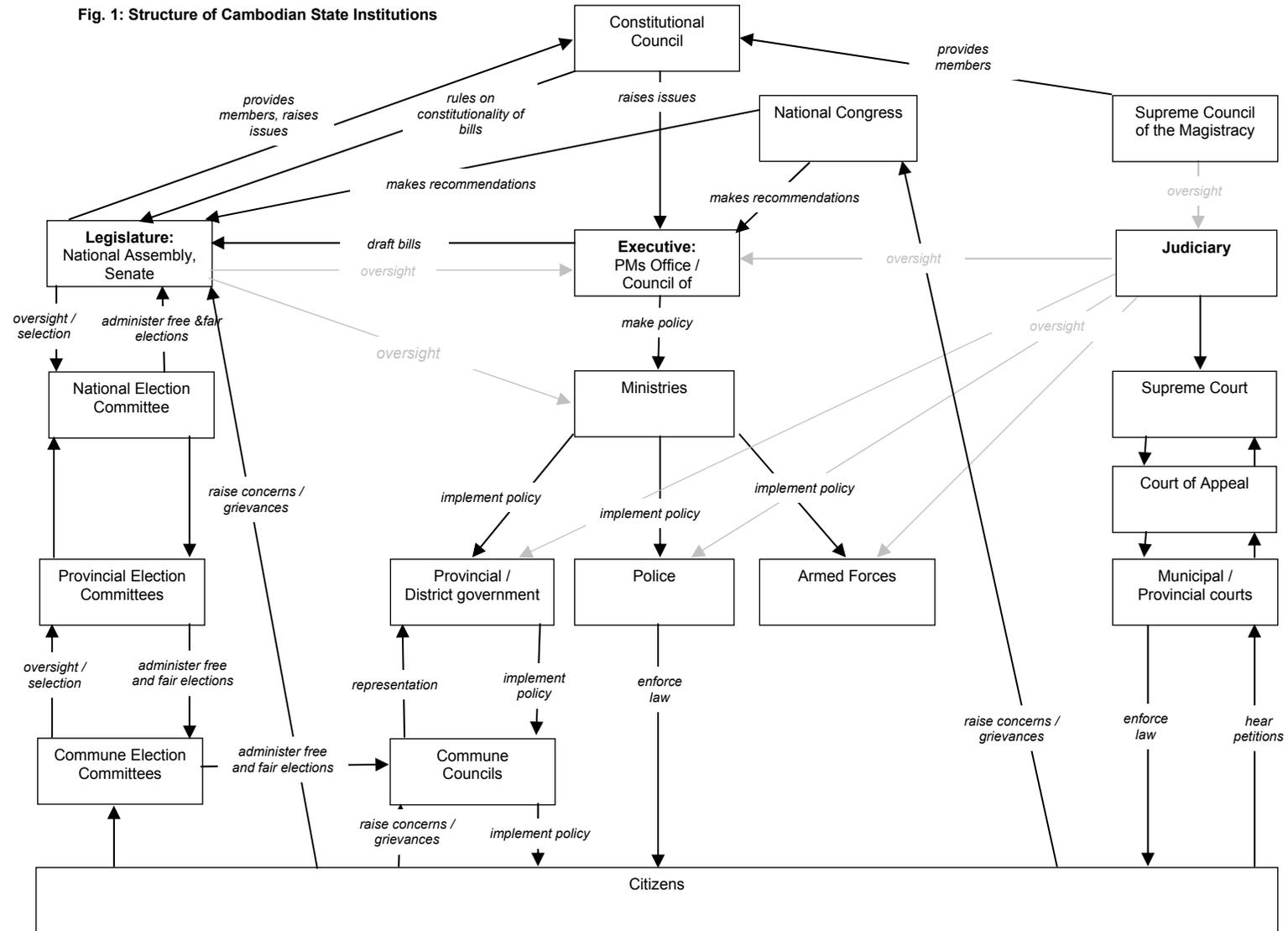
New institutions: the Paris Peace Agreements and the 1993 Constitution

Against this backdrop, the Paris Peace Agreements were signed in 1991. These to quite a far-reaching extent provided the framework against which Cambodia’s political reforms were assessed, both internally and externally, over the course of the next seven years. The Paris Agreements included an annex entitled *Principles for a New Constitution for Cambodia* which contained a number of stipulations for Cambodia’s political future, dictating a liberal democratic political system, separation of powers and adherence to international norms and standards in human rights. The 1993 Constitution lived up to these expectations in most respects (see Fig. 1).

The Constitution also drew upon elements of Cambodia’s history, for example, in reinstating the monarchy, albeit in a constrained role, and associated popular forums such as the National Congress. The latter was a highly visible element of King Sihanouk’s own period of rule as Prime Minister in the 1960s, when Congresses, open to all comers, were held as a forum for airing grievances. That the constitutional assembly – in which the biggest party was the royalist FUNCINPEC, then at the height of its power and prestige – envisaged a return to such a direct form of political participation is interesting; it is important to note, however, that no National Congress has been staged since 1993. Other aspects of the reconstitution of the Cambodian state in 1993 drew upon traditions of the past; the decision to return to a civil rather than a common law system in the courts, for example, represented a return to French colonial and pre-war practice. The retention of a role for public defenders in the court system, rather than moving directly to a Bar system, reflected a pragmatic accommodation to reality.

¹⁸ see for example the report of an NGO survey: “Corruption survey: it’s normal and bad,” *Phnom Penh Post*, 8-21 January 1999, www.phnompenhpost.com, accessed 29 May 2003

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The Constitution's conception of the new Cambodian citizen was perhaps the most controversial of its provisions. The use throughout the document of the term "*prochiepbalroat khmaer*" (Khmer citizen) rather than "*prochiepbalroat Kampuchea*" (Cambodian citizen) caused concerns that an ethnic rather than a legal construction of citizenship was being proposed or assumed. The association of citizenship with an ideal of the *puusaa khmaer* or Khmer race, and with, in particular, literacy in Khmer, had long been a feature of voter registration in Cambodia, in fact if not in law. The later Citizenship Law also raised eyebrows through its use of the Khmer term "*chon chiet*" rather than "*sanh chiet*" – again, the distinction prompted concerns that the former term had connotations of ethnicity, while the latter referred to legal recognition. In fact, the requirements of the citizenship law do permit ethnic Vietnamese to become citizens, provided they can prove ancestry within the borders of Cambodia. There is little evidence that the law is being regularly violated to exclude non-Khmer, even though there is widespread corruption in the system, and the matter is regularly raised as a political football.

The 1993 Constitution had little to say about the nature of local government in the new state. Local government, particularly at commune level, was a bone of political contention between FUNCINPEC and the CPP for most of the 1990s, as planned local elections, initially scheduled for 1996, were continually postponed. The power of commune officials to "get the vote out" was considered by both parties to be a key determinant of electoral success, and consequently allegations of pro-CPP bias on the part of commune chiefs was a significant issue in the deterioration of relations between the two parties from 1996. Eventually, commune elections were held in 2002. The Commune Administration Law passed in 2001 provided for the election of commune councils rather than commune chiefs, on the basis of proportional representation, thus virtually ensuring the representation of the largest parties on commune councils throughout the country.

3.2 Persistent traditions and weak institutions: political change in the 1990s

The formal establishment of a constitutional liberal democracy in Cambodia in the 1990s was the beginning rather than the end of Cambodia's political transition. The last decade has seen the ongoing translation of constitutional provisions into a working government. This process has been significantly determined by the tradition of political competition between the various parties, who continued, despite the Paris Agreements, to view one another as mortal foes for much of the decade. The dominant party, the CPP, has since the 1980s traded on the personal networks spanning party and state to gain advantage in this competition. Accounts of political process in Cambodia can be divided into two distinct eras, the era of so-called "two-headed government" from 1993 to 1998, and the Hun Sen Government's ascendancy and engagement with donor-initiated reforms from 1998 onwards.

Politics under the two-headed government

The 1993 UNTAC-run elections produced a coalition government with a first and second prime minister. The main coalition parties were the victorious FUNCINPEC, headed by First Prime Minister Prince Norodom Ranariddh, and the second-placed Cambodian People's Party, successor to the 1980s Kampuchean People's Revolutionary Party, led by Second Prime Minister Hun Sen. While the CPP's role in the coalition was assured by its strong showing in the vote, the title of Second Prime

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Minister was achieved through bargaining, backed by post-election threats of secession and return to civil war, on the part of elements within the CPP¹⁹.

FUNCINPEC's electoral victory reflected the popularity of the party's monarchist platform, rather than the its operational capacities. The party was from the start the poor relation in the coalition. The CPP dominated the post-1993 government by means of informal relations of loyalty and lines of authority preserved within the state apparatus. Very soon, FUNCINPEC ministers and secretaries of state began to complain that their own civil servants kept them in ignorance of what was going on. The period of the "two-headed government" was thus characterised by competition between the two major parties to control various aspects of political process operating through and alongside the newly forming constitutional state.

The relationship between the major government powers at this time was characterised by dominance of the executive, weakness of the legislature and an almost total failure of an intimidated judiciary to exercise independent power. Within the executive and judiciary, the dominance of personnel loyal to the CPP entailed a continued politicization of institutions that had clearly campaigned for the party during the UNTAC era. Loyalties within the CPP were sustained by two linked factors. First, there was a shared identity, emerging from the civil war, of having participated in the salvation and rebuilding of Cambodia and defending these achievements from opponents allied with the dreaded National Army of Democratic Kampuchea. For CPP members within the state apparatus, the entry of these opponents into government, at a time when the NADK remained at war with the RGC, was considered a dangerous move. Efforts to exclude them from real influence should be understood in this context.

At the same time, loyalties were also sustained by the material benefits of protection and enrichment now emerging from the transformation of intra-state networks into networks of corruption, entrepreneurialism, and extortion. Within the military, police, customs service and bureaucracy, such networks flourished, intertwined with the new institutions of state. Arguably, the relationship between these networks and the new institutions was not antagonistic but mutually sustaining. The new state institutions offered a cover by means of which external resources could be elicited and distributed among loyalists. At the same time, networks of loyalists provided the core capacity of the new institutions to make and implement decisions. While the presence of such networks within the state has been decried by reformers, it is not at all clear how a rational bureaucracy could have been erected and animated in the early 1990s, without the support and cohesion of networks of experienced officials. As UNTAC implicitly acknowledged when it took the controversial decision to shore up the "existing administrative structure" of the State of Cambodia in 1993 (by using international funds to pay civil service salaries when budgetary shortages threatened the whole system with collapse), the only alternative may well have been chaos.

Such networks should not be perceived as working consistently in support of the CPP. Rather, they often conflicted, as different individuals and groups within the CPP and state attempted to exploit different kinds of opportunities. The period to

¹⁹ Also winning seats, and incorporated as minor coalition partners, were the BLDP and the Moulinaka and Combatants for Freedom Party – both parties emerging from the republican resistance armies of the 1980s.

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1997 saw the shoring up of relationships within the military, and within networks loyal to Hun Sen, at the expense of other branches of government and other factions.

The inequality of power between the military and the judiciary widened during this period²⁰. A declaration of independence on the part of the judiciary was also hampered by the lack of progress in creating the supervisory agency, the Supreme Council of Magistracy, that was supposed to oversee the appointment and supervision of judges. In the absence of this organization the task continued to be fulfilled by the Ministry of Justice. Although the judiciary was *not* extensively used to promote party political goals at this time, the failure to create the SCM meant that a certain degree of momentum for change was lost. It, like the Constitutional Council and the machinery for administering national and local elections, was not created until late 1997 and early 1998, when the conflict between the parties had already been resolved by military means, in favour of the CPP.

The legislature did little to fulfil expectations in the early 1990s. Progress on passing key legislation was very slow, largely because the legislature had difficulty filling a quorum, an indication of the low regard in which it was held even by its own members. The lack of any organised opposition meant that debate was often cursory and Ministers were rarely called to account (and when they were, they frequently ignored the summons with impunity). Particularly damaging to the prestige and power of the National Assembly were the expulsions of FUNCINPEC parliamentarians Sam Rainsy and Norodom Sirivudh. Rainsy was expelled from FUNCINPEC and from the NA after publicly criticising Ranariddh for corruption. Sirivudh was arrested and exiled for allegedly plotting to assassinate Hun Sen. In the latter case, despite very dubious evidence, the National Assembly voted unanimously to strip Sirivudh of his parliamentary immunity, apparently after death threats were made. These cases strengthened control of the two Prime Ministers; by mid-1997, discontented parliamentarians were leaving to form parties of their own, rather than using the Assembly itself as a forum for debate.

Equally, few NA members made significant efforts to contact their constituents, or to perform a genuinely representative function. For the ordinary citizen on the ground, the new constitution offered few clear improvements. Local government remained unchanged in structure and personnel. Depredations and exploitation by local military and police continued much as before. FUNCINPEC offices were established across the country, but did little to promote political participation. Neither party made much attempt to mobilize popular support: aside from flying visits to bestow flamboyant gifts of roads and schools, neither party was very active in organizing in the countryside. The CPP relied upon a combination of coercion and gifts to mobilize the rural vote at election time; FUNCINPEC relied upon the image of the King. The conflict between the parties was decided, in the end, by military rather than political strength. Despite the fraught political contest in Phnom Penh, at the level of the “grassroots” democracy brought few changes.

²⁰ Whereas in the 1980s the judiciary had been used directly as a tool of executive policy, in the 1990s, its formal independence and scrutiny of the court system by human rights and public defenders groups entailed that the judiciary was simply neglected. Assassinations, often by members of the military, rather than arrests, were used to quell dissent. These were often directed against the judiciary. The recent murder of a Phnom Penh judge who had sentenced a senior NADK commander to imprisonment for the kidnap and murder of three foreigners represents a recent example of what was a very widespread phenomenon in the early 1990s.

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This strategy reflected the fact that the party system was heavily oriented towards patronage. The CPP sustained the link between party and state, in order to offer opportunities for enrichment. FUNCINPEC attempted to get supporters into state positions for similar reasons, and to gain control over incoming foreign investment. These preoccupations, along with the tight grip of the CPP over village life, entailed that other parties remained very cut off from the ordinary Cambodian, which further eroded any momentum for democracy that might have built up during the UNTAC period. Critics of this strategy – such as Rainsy and Sirivudh – were quickly silenced. Such activities were alienating to lower ranking party activists and officials, and to the electorate as a whole. In attempting to build up resources to shore up the party's position, FUNCINPEC's leadership retreated from alternative strategies that, with hindsight, might have significantly strengthened the institutionalization of the constitutional state. In part because of the hierarchical logic of its royalist ethos, FUNCINPEC failed to mobilize its constituency of avid supporters in favour of further reforms, content instead to claim a share of the patronage pie, relying upon its royalist identity to turn out electoral support, and international backing to shore up the constitution that underpinned the party's tenuous foothold in government.

Arguably, awareness that FUNCINPEC had lost the initiative led to a rapid about-turn in early 1996, when Ranariddh began to decry the exclusion of FUNCINPEC officials from effective political power, focusing in particular on the dominance of CPP loyalists within local government. In the war of words that followed, Ranariddh threatened to withdraw from the coalition, while Hun Sen threatened to use force to "protect the constitution." The confrontational rhetoric escalated over the following year. As the civil war wound down, each side attempted to win the loyalties of defecting NADK divisions, to strengthen their position. The crisis came to a head in July 1997, when a military battle broke out between troops loyal to the CPP and FUNCINPEC clashed in Phnom Penh. The result was a victory for the CPP, the smashing of FUNCINPEC's military organization, and the flight or defection to other parties of the FUNCINPEC leadership. Although FUNCINPEC's leaders returned the following year to fight elections, they lost narrowly to the CPP, which had taken full control of the process of institution building for elections.

Overall, the period of the two-headed government represented an inauspicious start to the building of the constitutional state in Cambodia. Constitutional provisions were consistently subordinated to short-term political gain by parties who feared one another as a threat to their own survival and the survival of nation and state. The continuing contest for control, transferred to the setting of Phnom Penh, had a significant impact on the construction of institutions which became the objects of struggle, rather than overarching mechanisms for constraining it.

As a result, political power continued to be exercised outside political institutions, as a way to control or subvert them, rather than as a product of them. Legitimacy and authority were portrayed as the product of extra-constitutional forces, rendering the acceptance of unfavourable election results problematic. To an extent, the military victory of the CPP in 1997 reduced the extent to which this was possible – by monopolizing the control of force, the CPP has created a possibility over the long term that legitimacy and authority will gradually detach itself from party mechanisms, and adhere to the institutions through which the party currently chooses to operate.

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Donor-led reforms from 1998

In 1998, then, the situation in Cambodia stabilized to the extent that the constitutional state and Royal Government were both dominated by the same powerful networks of officials. FUNCINPEC entered the coalition as a junior partner, and appeared content, following the turbulence of the mid-1990s, to accept this position. The party's poor showing in the commune elections in 2002, and the wave of defections from FUNCINPEC to other parties in the run-up to this summer's elections, suggest that this strategy conflicted with the long-term interests of party-building. The 1998 elections brought a new player into the game in the form of the Sam Rainsy Party (SRP), a populist and largely urban based party with a liberal reformist agenda, and a commitment to the promotion of a pro-worker, anti-corruption agenda. The SRP won 15 seats in the new parliament, which it used as a basis for asking questions of ministers and mounting sharp criticisms of government policy. Such questions and criticisms have rarely been answered. The relationship between government and opposition has been extremely poor; the opposition's position goes beyond critical oversight of government policy to denial of the government's legitimacy, and in particular, of the participation of the CPP and Hun Sen in Cambodian politics. The government has attempted to ignore the opposition within parliament, and there are reports that SRP-led commune councils have similarly been ignored by District and Provincial authorities. Outside of state institutions, the party's position is increasingly secure, largely due to international oversight, although occasional threats to arrest Sam Rainsy on various pretexts are still heard. In the context of the 1998 government, however, the Sam Rainsy party had little impact on policy or upon the stability of the CPP-led coalition.

The major problems with this situation were twofold. The coalition was a government that was reasonably effective at extracting resources, both from the population, largely through rent-seeking activities, and from international donors, through an apparently spirited engagement with a donor reform agenda. It remained very bad at formulating and implementing policies, however. Second, it was a government that had achieved very little in the way of promoting dense webs of mobilization, support and accountability between the state and society. State-society relations existed to the extent that individuals outside the state had connections, usually via kin networks, with individuals within it. This left a large pool of outsiders whose relationship with the state was characterised merely by alienation.

Donors attempted to address the first of these questions in the 1990s by promoting a far-reaching programme of public sector reform. The May 2000 meeting of the Constultative Group of international donors generated a working group for public administration reform, with a remit to promote good governance in Cambodia. This included judicial and legal reform, anti-corruption, natural resource management and military demobilization (RGC 2000). State reforms advocated by international intervenors reflect a concern to rationalize and legalize the extractive and repressive activities of the state, and to leaven them with ideas of free market sustainable development, which will generate profits that can trickle down to the poor.

At present, international aid constitutes up to half the Cambodian state budget. However, Cambodia's economic destiny ultimately depends, not upon aid, but upon free market trade. To facilitate this, Cambodia's donors have called for the state to reform, shedding workers, demobilizing soldiers, promoting the judiciary as a guarantor of property rights and contractual obligations, extracting higher levels of

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tax, and putting more of the revenue from extractive industries through the books of the Ministry of Finance and Economics. These policies amount to an institutionalization of the repressive and extractive capacities of the state – capacities that are at present mediated through personal self-interest in a context of patrimonial protection.

These reforms were by and large unsuccessful, because they operated on the presumption that decision makers in the Cambodian state had an interest in rationalising the bureaucracy and military, when, by and large, the reverse was true. Cambodia's leaders saw the major priority as stabilizing the situation further by consolidating the networks of loyalty that underpinned the cohesion of party and state. These networks penetrated the ministries and the military, and consolidating them implied offering them greater latitude for exploitative and coercive entrepreneurial activities, rather than disciplining them to operate like Western bureaucracies. Indeed, efforts at imposing such discipline would seriously undermine the networks of entrepreneurial activity, rent-seeking and crime that held the state apparatus together. Such efforts would certainly face resistance, either active or passive, from state officials, and perhaps a breakdown in relations between government and state, or between government and military. Some excitement was generated amongst donors by apparent moves against particular officials, denounced or demoted for corruption or other nefarious activities. However, invariably such isolated incidents did not translate into a sustained drive for rationalisation, leaving the suspicion that they reflected the consolidation of the power of one faction against another. Invariably, Prime Minister Hun Sen appears to have emerged from such contretemps in a stronger position than before.

3.3 Characterising political regime and state-society relations in Cambodia

Social structure, social change and collective action

Over the course of the 1990s thinking about the role of civil society in the development process evolved considerably. In the 1980s there had been a tendency in international development discourse, reinforced from both the political left and the political right, to see civil society (and later social capital) as an alternative or counter-balance to a state that was either oppressive or ineffective. Donors and INGOs channelled funds and training to national NGOs, and tended to equate this with “building civil society”. More recently, however, there has been more of a tendency to see the state and civil society as complementary rather than contradictory. Reflecting on the historical record in OECD countries, it has been argued that a strong civil society is often *only* able to emerge under the aegis of a functioning state, and in turn contributes to the strengthening of state effectiveness.

This theoretical debate is significant for Cambodia given that there has, since at least the late 1990s, been considerable discussion about the existence of “community” in rural Cambodia. One school of thought posits that community as a functional category – that is, as a structure framing identity and shaping collective social action – is relatively “weak” in Cambodia²¹. Often this is attributed to the impact of

²¹ The problem with this debate is that it is sometimes regarded as pejorative to say that traditional community institutions are relatively underdeveloped. This should not be the case. In many parts of the world the problem is an *excess* of community identity and action (e.g. along lines such as caste or tribe). It should also be noted that Europeans and North

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decades of political upheaval, which has subjected Khmers to revolutionary violence and social engineering; mass movements of displaced populations; and, for the border Khmer, up to fifteen years of enforced dependency. The cumulative effect of these experiences, it is argued, has been to destroy trust, disrupt the micro-scale connections that grow up within stable communities, foster an individualistic or at best family-focussed survival orientation, and discourage planning for the long term.

That two decades of conflict and social upheaval have damaged the basis for community identity and action is entirely credible: it would be remarkable if they had not. However, there is also an argument to be made that even before the 1970s, “traditional” Cambodian society had less in the way of community than many other agriculture-based Asian societies. Ebihara, one of the few ethnographic observers of pre-revolutionary rural Cambodia, noted that “A striking feature of Khmer village life is the lack of indigenous, traditional, organised associations, clubs, factions, or other groups that are formed on non-kin principles” (Ebihara 1968: 181)²². Delvert famously argued in the 1950s that “One fact seems certain: the absence of rural community” (Delvert 1961: 218). Those promoting community-managed development have sometimes been frustrated by seemingly perversely individualistic behaviour which can undermine mutually beneficial efforts to promote community management of credit or irrigation (Daubert 1996).

Much depends on what is meant by “community”. Over time and with favourable circumstances ties of friendship and trust do accrete and form the basis for “complex reciprocal relations” and “tolerance” between rural households (Ledgerwood 1998: 140): the result resembles Ebihara’s description of village community in the 1960s, in which households were bound together not by organisational expressions of community but by socially embedded, reciprocity-supporting “institutions” of kinship, proximity and familiarity (Ebihara 1974: 306). It is not however clear that this is the idealised definition of community that INGOs and donors often assume to exist in agrarian societies. To recast the debate in terms derived from contemporary social theory, Cambodia today to a greater extent than in the 1960s possesses a limited stock of social capital; there is a “thin-ness” to Khmer civil society²³.

The lack of traditional templates for the organisational expression of community identity and interest has implications for collective social action and the potential for citizen “voice” in the policy process. Cambodian society at the grassroots appears to lack established, “traditional” organisational forms which might channel demands to the state. As discussed below, civil society as a developmental actor then becomes associated by default with Cambodian NGOs. Funded and trained by donors and INGOs, these have somewhat tenuous claims to speak for the Cambodian poor.

Americans value lives which are relatively individualistic and free from the ties (constraining as well as enabling) of traditionally-defined communities: arguably because generalised wealth and a functioning state relieves them of the need to seek security through community formations. The weakness of community is only relevant as a practical issue (the Cambodian state is poor, and community-based action would be one way to help improve the quantity and quality of resources invested in supra-household activities), not as a value judgement.

²² Ebihara noted that, by contrast with some other rural societies, there was little if any evidence of factions or patron-client groupings in the village she studied.

²³ Curtis 1998: 115; Doyle 1998: 81, 94-5. The current debate can largely be traced to Ovesen et al 1996 (85-6). For commentaries, see Ledgerwood 1998; CDRI 1997; Conway 1999.

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They are also evolving into “political” roles for which there is no historical model. The concept of NGOs as formal, permanent organisations which serve to provide material assistance and organisational guidance to the poor is novel, but has at least some connection to traditional concepts of charity. By contrast, the concept of NGOs as actors in the policy process, engaging in debate with the state and possessing a degree of power of their own, is innovative and challenging (see Box).

Box 1 Khmer discourses of power

Since the 1980s the theme of empowerment has been central to the work of development NGOs (and later donors) throughout the world. The concept does not necessarily translate well into Khmer. Research with Khmer NGO staff found that power (*omnach*) has overwhelmingly negative connotations as power over others. To say an *achar* (Buddhist layman) had *omnach* because he was respected and because people rely upon him for advice would have negative implications: his “something” would be referred to by describing him as a good man. Similarly, a well-regarded and influential woman would be described as “virtuous” and not powerful. The understanding of power as a zero-sum equation is reinforced by the language and actions of politicians, who clearly perceive an increase in the power of a potential rival as a diminution of their own power. As such, to translate empowerment as “to give power” (*p’doll omnach*) is not suitable. Preferable terms were “to give rights and power” or “to enable people to dare to speak”. *Source: O’Leary and Meas 2001*

It is probable that as civil society evolves and gives rise to organised social movements willing and able to engage with the state on policy issues (even if only in a reactive sense, by protesting against perceived injustices), they will be led by urban rather than rural interests. This has certainly been the case so far. The social substrate for these movements, in terms of the nature of social identity and community organisation in towns and cities, is only poorly understood²⁴. Cambodia remains a highly agrarian society, and many of the urban poor are first-generation migrants from the countryside. Many – particularly sex workers, street children, garment workers and cyclo drivers – live in the cities as individuals, without families to link them into communities.

What the urban poor appear to share with the rural poorest is a hand-to-mouth existence – a daily struggle to secure food and other resources – which is both cause and consequence of the lack of social connections to anyone who has even a little more than they do. While this atomization can be overcome, it takes time for occupation-based or neighbourhood-based identities to develop; certainly there appears to be little that yet resembles a strong urban poor identity that cuts across these local and occupational identities and sense of interests. Despite this, in the medium- to long-term the prospects for the emergence of “modern”, horizontal social identities are stronger in towns than in the countryside.

Representation, accountability and civil society

Given that relations between state and society remain weak in Cambodia, the elections to commune councils may have constituted the most significant step in improving such relations, in that these elections have introduced into the level of politics at which most citizens operate a relationship that has obvious elements of

²⁴ Also poorly understood is the nature of the social and economic connections between urban and rural areas, in terms of seasonal or long-term migration, and the direction and size of transfers in the form of remittances or investments.

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accountability. Nevertheless, for most citizens in Cambodia, contact with representatives of the state at any level, except on the basis of kinship relations, is perceived as threatening, and to be avoided if possible.

On a personal level, similarly, it is difficult to find evidence of “civil society” in Cambodia, in the sense of an arena in which the individual feels free to stake out a political position independent of that of the state official with whom he or she is conversing, and to scrutinize official actions on that basis. Power relations between state officials and civilians are generally characterized by steep power differentials, which inhibit the ability of civilians to claim rights and freedoms in the face of official highhandedness, let alone in the face of outright instances of abuse.

Nationally, however, a realm of “civil society” has been produced through the creation and maintenance of political space within which non-governmental organizations can be organized. To a great extent, such political space was created by international action, and continues to be dependent upon external engagement. Space for non-state political action is much more accessible and secure in the capital city of Phnom Penh, and is created only with great difficulty, if at all, in rural villages. Such political space relies heavily upon the presence of international agencies – journalists, human rights monitors, ambassadors, donors – who provide implicit protection to organizations such as human rights NGOs and social movements, such as demonstrators protesting land expropriations.

Sustaining organised movements purporting to represent the poor is also problematic in the Cambodian context because of the extreme poverty existing in society. Even among the urban poor, let alone amongst the rural majority, there is little disposable income available to contribute to the costs of offices, communications, or means of transport for activists, let alone salaries for staff. These obstacles to organisation are exacerbated by structural problems (a lack of state-supported infrastructure such as public telephones or good roads) and the fact that the majority of the population live in relatively isolated settlements, beyond the protective gaze of international agencies. This dearth of indigenous resources compares unfavourably to the rich seam of funds available both from Cambodian political parties and from international donors. This contrast has shaped the emergence of an organized “civil society” in Cambodia.

Indigenous non-governmental organisations

UNTAC encouraged the establishment of “indigenous non-governmental organisations” in line with its mandate to promote respect for human rights in Cambodia. Then-secretary general Boutros Boutros Ghali saw the establishment of indigenous human rights NGOs as the most effective way to fulfil this mandate, and consequently a UN trust fund was set up to provide funding for promising organisations. Six human rights NGOs were established under UN auspices and with UN funding and training. Some began their operations working out of offices in the UN compound, in order to receive the full benefit of UN protection.

Since 1993, the human rights movement has become well-established within Cambodia, although it remains significantly dependent upon international funding and, if not protection, then at least backing and moral support vis-à-vis the Cambodian government. Ten years after UNTAC’s departure, human rights NGOs continue to feel that the space in which they operate expands and contracts in line

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with the international attention they receive, and the degree of international pressure placed on the government to respect their activities.

Human rights NGOs, along with a variety of other campaigning NGOs in the fields of women's and children's issues, development, occupational groupings (for example, the Bar Association), and religious affairs, have developed a vibrant community, with links to one another, the government, international NGOs and donors, and to the local community. However, there is still a strong sense that, among these, it is links to international NGOs and donors that are determining factors. In part this is because the impoverished nature of Cambodian society entails there are few other opportunities for funding the establishment of NGOs. It is also the case, significantly, that the trajectory of development of many of the largest and most visible Cambodian NGOs has rendered them heavily dependent upon this type of funding. International prescriptions with regard to professionalism (particularly in accounting for the expenditure of international funds) entailed that NGOs have invested heavily in professional skills such as foreign language training, the use of computer technology, the drafting of competitive funding bids, and methods of management and accounting.

These factors have imposed a highly centralised structure upon the largest NGOs, requiring the maintenance of professional bodies of salaried staff in Phnom Penh offices and the acquisition of expensive equipment. This has in some cases operated at the expense of efforts to inculcate a spirit of voluntarism; it has prompted an emphasis upon expertise rather than personal commitment; and the need to compete for funding has encouraged uncritical adoption of passing fashions in international jargon and policies. While the achievements and principles of such NGOs are highly praiseworthy and significant in terms of Cambodia's democratization process, they are qualified by the fact that this style of organizational development institutes a vicious circle, in which efforts to secure international funding require levels of investment that render NGOs ever more dependent upon international funds. This is not the whole story. The large, professional NGOs also sustain networks of highly committed activists working for meagre rewards in the provinces. However, the strongly international orientation of the NGOs as a whole prevents a greater disbursement of funds and control to such activists, for fear that funds may be misused and policies adapted away from those prioritised in funding proposals. Such NGOs find themselves entangled in a network of international influence from which it is very difficult to escape.

The impact of this on such NGOs' relations with government is twofold. On the one hand, the government has to a great extent accepted these NGOs' position in society, at least at national level, and has acquiesced to NGO training programmes for state personnel, demands by NGOs to be consulted to an extent on draft legislation, and the right of NGOs to hold public events, at least at national level. On the other hand, where organized NGOs have joined forces with popular social movements, they have been targeted. For example, two staff members from one of the largest human rights NGOs, Licadho, were arrested when they attended a demonstration in the port city of Sihanoukville, of local residents protesting the illegal dumping of toxic waste in the area. NGOs have relied upon international support in such cases, and have also avoided taking up strongly adversarial positions vis-à-vis the government on "big political cases." For example, human rights NGOs found it difficult to handle a series of murders of FUNCINPEC military officials following the 1997 military battle in Phnom Penh, and relied upon the Cambodia

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Office of the United Nations High Commissioner for Human Rights to raise these cases with the government. While training and consulting functions have gradually become accepted and even institutionalised over the past ten years, the adversarial function of NGOs in demanding accountability from the government over sensitive cases has remained uncertain and highly politicised.

Social movements

Alongside the large professional NGOs, a lower level of organizations and movements exist whose roots in society are perhaps deeper, even while their capacities for influential action at national level are much slighter. Such movements operate much more independently of an international sphere, although they are still heavily dependent upon international protection of political space in which they can operate. Examples include small rural NGOs, operating on the strength of minimal funding from larger NGOs, trade unions (particularly those of garment workers, teachers and hotel workers), and ad hoc movements formed to protest particular government policies. A significant feature of Cambodian politics since 1998, in particular, has been the large number of such movements arising, particularly within Phnom Penh, and the energy with which they have pursued a wide variety of causes. This is encouraging, in terms of an assessment of the willingness of Cambodian society to engage in public action in pursuit of different causes, when political space is available. Even when such space is uncertain, as in the tense atmosphere in Phnom Penh between late 1997 and late 1998, a willingness to engage in public protest, despite the risk of violent repression, has been noticeable which is perhaps surprising, given Cambodia's past.

It is important to note, however, that the independence of such movements is easily compromised, due, perhaps, to the very great difficulties associated with attempting to operate on a more regular basis, on the basis merely of the contributions of impoverished members. The trade union movement within the garment industry is a case in point. The garment industry sustains a number of trade union federations, and the penetration of factories by the movement has occurred largely through the spontaneous actions of workers in mounting strikes, protests and walk-outs in response to ill-treatment by employers. However, as these spontaneous actions have become institutionalised they have tended to develop close links to bodies that can provide funding and protection – including political parties, international NGOs – and have tended to accept, as a corollary of this, instruction from outside on appropriate methods of organization and action.

The relationship of such social movements with the government has generally been poor. Ad hoc demonstrations, for example by the landless, have by and large been ignored. Protests organised by opposition political parties have sometimes been attacked. Acquiescence to the demands of protestors has occurred in cases where protests were directed at private companies – for example, the passage of more generous minimum wage legislation in response to general strikes in the garment industry, in the year 2000, represented a response to a plea to government to intervene between workers and abusive employers, rather than a reversal of government policy itself. More recently, pickets and demonstrations by strikers outside factories have met with police violence. In the union movement, there have been clear attempts by political parties to gain control of union federations. Government officials have been willing to engage in internationally mediated consultative forums with representatives of social movements, once these have been

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transformed into NGOS, with international backing, as in the case of the ILO project to set up a negotiating committee comprising representatives from employers, unions and government. However, it is difficult to find any example of the government responding directly to appeals from protestors with policy concessions.

Trajectories of regime change and the role of external influences

As the above summary indicates, the Cambodian state has been transformed over the past 12 years, but not necessarily in the direction hoped for by international reformers. New institutions have been erected, often with international funding and advice, but they coexist with, and to a great extent depend upon, pre-existing networks of loyalties. These networks were built in the 1980s, but have been extensively remade in the 1990s, as different groups have profited more or less successfully from the new range of resources available to them. These networks do not operate rationally to promote the interests of the CPP; however, they are significantly attached to the party as the overarching structure which secures their viability, and at key times they can be mobilized to promote the continued grip of the party on the Cambodian state, for example at elections. During other parts of the electoral cycle, these networks must be left alone to get on with the business of rent-seeking and this imperative limits, considerably, the policy-effectiveness of the state and the scope for donor-led reform.

Consequently, exploitation continues to be the dominant theme in state-society relationships. This further limits the scope for society-led political change, as protests are ignored or repressed. While certain NGOs have become securely institutionalised, the price for this has usually been a retreat from confrontation with government over politically sensitive issues. This limits the ability of NGOs to mobilize society in pursuit of reform. Both social movements and NGOs are significantly dependent upon the international protection of political space in which to organize and protest. However, international input into “civil society” has tended towards institutionalization, once again at the expense of mobilization.

Despite these negative trends, it is clear that Cambodian politics is far more open today than it was in 1991. There are two important aspects of this openness. First, at the highest levels of government there are well established forums for debating policy with international players. This occurs especially in the context of the Consultative Group meetings, at which local NGOs are also present. It also occurs in ongoing processes of consultation between ministries, donors and local and international NGOs in the drafting of laws. Such forums are, by their very nature, exclusive; the NGOs represented there are the largest and most professional. While they can by no means be regarded as forums for popular participation, they are forums in which the government is required to articulate policy goals and explain decision-making in a manner which complies with internationally recognised norms. As such, they require government to speak the language of pro-poor policy making and to acknowledge its validity in the presence of non-state actors. Such forums uncover information and demand the articulation of rationale. As such they perform the task that the National Assembly has failed to perform. Although debate at the international level cannot compensate for a lack of debate at the national level, at least it represents the public engagement of the government in the language and logic of policy-oriented discussion.

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Second, although clear examples in policy making exhibiting government accountability to and representation of the Cambodian poor are lacking, there are abundant examples of the poor insisting upon this as their right. Since 1998 in particular, the level of civil protest has increased dramatically, on issues as diverse as factory wages, corruption, petrol prices, electoral laws, pollution and foreign affairs. Although opposition parties are often at the forefront of such protests, they have frequently reacted to, rather than initiating, the movements themselves.

Such protests are significant because they indicate that there is an increasing conception, amongst the poor, that those with power have a duty to hear their grievances and to respond. Failure by government to do so effectively undermines the legitimacy of the government, whether this is perceived in paternalist or democratic terms. From the perspective of government, an assertive and highly mobilised civil society of individuals and groups who feel empowered to attract attention to grievances and abuses, however these are conceived, is problematic, particularly in the light of government's ongoing engagement with donors. To a great extent, it is donor engagement that creates the political spaces within which mobilisation can take place in relative safety. It is the ongoing conversation between government and donors that renders the revelations of the poor, with regard to ongoing violence and abuse, embarrassing to the government.

Thus donors have become key political players in the new politics of openness in Cambodia. Although donors may be concerned at the prospect of adopting such a key role, it is nevertheless a political reality, and is likely to continue while Cambodia remains engaged in international regimes of aid and trade, and concern over domestic practices such as respect for human rights. The challenge for donors is not only how to delegate such powers to local actors, but also how to exercise them in such a way as to maximise the opportunities for the further cultivation of a vigorous grassroots politics.

In particular, efforts should be made to join up the different levels (domestic and international) of political openness. This entails broadening information about and access to the international fora – e.g. the CG meetings, PRSP / NPRS annual reviews, WTO accession discussions - in which government's engagement with donors and other international actors takes place; and linking grassroots activism into these fora. Such efforts are likely to promote connections between the policy-oriented language appropriate to international level discussions, and the concrete grievances expressed by the poor. Cambodian political actors will be further exposed to the discourse of what constitutes good government – democracy, accountability, consultation, transparency – while international actors engaging with Cambodia will be exposed to some of the “messier” political discourse of the grassroots, a discourse which is complex and which is generally filtered down into forms more understandable to international actors by intermediary NGOs. The hope is that broader and deeper engagement in international processes might emesh the Cambodian state in a web of opportunities and commitments which encourage good governance. Strengthening such links is the first step to realising a language of accountability as the appropriate medium of state-society relations.

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4 Boundaries on pro-poor policy-making

The most significant limits to pro-poor policy making within the Cambodian political system are twofold:

- the subordination of policy concerns generally to the imperatives of facilitating the cohesion of networks underlying state institutions
- the paucity of channels of connection, communication and accountability between state and society, particularly in the rural areas where poverty is concentrated.

This chapter examines the institutional and structural limits to pro-poor policy making, with particular attention paid to the informal networks that invest institutions of state, and both empower and limit their functioning. Chapter Five considers the room for manoeuvre available to individual reformers within this context, while Chapter Six examines the opportunities for inputs from beyond the state. In each chapter, particular attention is paid to the land, health and forestry sectors. The results of the present study suggest that at present, particularly in the land and forestry sectors, the impact of these limitations is sufficient to block almost entirely opportunities for the development of specifically pro-poor policy, and to render extremely remote the likelihood that any pro-poor policy that is developed, eg. under pressure from donors or NGOs, will be effectively implemented in a manner which actually benefits the poor.

4.1 Networks and policy: causes and consequences

Networks and the comparative political economy of sector policy

One implication of the subordination of state systems to network interests is that the degree of political interest in different sector ministries varies greatly, depending on the prospects that these Ministries offer for control over resources and power. There is a fundamental difference between Ministries that deal with the management of high-value natural resources on the one hand (Ministries typically controlled by CPP), and, on the other, those which deal with delivering services (e.g. health or education – typically allocated to FUNCINPEC). In service delivery Ministries which employ large numbers of staff at a large number of facilities, opportunities for rent-seeking exist (and are taken up), but these opportunities are diffuse, accounted for in large part by thousands of small-scale daily extractions by front-line staff. These tend towards the “survival corruption” end of the spectrum²⁵. Senior Ministry staff are often conscious of this basic distinction and its implication for the political profile of their work. In reference to the serpent device which, by international convention, is used to depict the medical profession and is

²⁵ Although opportunities exist for powerful figures to enrich themselves in service delivery ministries (for example, through corrupt contracts for school or health centre construction), the scale of the potential rent is simply not comparable. It is telling that the one part of health sector management which *does* offer opportunities for consolidation in few hands of significant rent-seeking opportunities – namely policies to do with the sourcing and pricing of pharmaceutical supply – is one which has notably lagged behind the rest of the sector in terms of reform.

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incorporated into the logo of the Ministry of Health, the MoH is referred to by some amongst the senior staff as the “Ministry of the harmless snake” on the grounds that “nobody cares about this Ministry, unlike Interior or Defence”²⁶.

By contrast, the Ministry of Agriculture, Forestry and Fisheries (MAFF) is widely perceived to be one of the most powerful ministries, because of its ability to attract resources from donors, from Cambodia’s natural resource base, and from its population. MAFF dominates the other ministries with responsibilities within the land and forestry sectors - the Ministry of the Environment (MoE) and the Ministry of Land Management, Urban Planning and Construction (MLMUPC). A number of interviewees reported that the star of the MoE was on the rise recently, as the Prime Minister had made some supportive speeches at the Ministry. The emergence of ambitious plans to transfer large areas of protected forest to community management, apparently sanctioned by the Prime Minister, may suggest that the MoE is currently important to government thinking. Both the MoE and MLMUPC are relatively new ministries, formed in the 1990s. The Minister in charge of MLMUPC has received a lot of support from donors, including GTZ, ADB and the Finnish government. However, according to one land expert, the creation of the ministry, on the Prime Minister’s initiative, itself represented a stalling tactic:

The creation of MLM was a political decision by the PM. Im Chum Lim is very hardworking and sincere, but he’s a politician and a survivor. He built up the ministry with ADB funding. He did the land law – that was good work... But it doesn’t mean the MLM has solved any problems; the MLM has been a national level scapegoat. The ministry is new, waiting for funds – in the meantime, land is grabbed. But at least now we have the ministry (Shiva Kumar, 2003).

Such speculations suggest the ways in which ministries, as institutions, are subordinate to the politics of power plays at the top, and the extent to which the personal favour of the prime minister is significant in determining institutional capacities in the policy field.

The implications for donors are not clear-cut. Difficulties faced in initiating pro-poor policy change in different Ministries are as likely to be differences in nature as they are differences in magnitude. Politically marginal Ministries may struggle to attract the attention of the PM or CoM: signals from this level of leadership are often critical in initiating reform. They will also struggle to obtain budgetary allocations (and, as importantly, actual budgetary releases). However, in these Ministries reform-minded Government officials and those donors who want to help them can at least seek to develop and implement new policies without facing the resistance of powerful senior political figures and the networks in which they are embedded. At a very fundamental level, this explains why the Ministries of Health and Education have made much greater progress in developing pro-poor policies, but have very little money with which to implement these policies²⁷.

²⁶ Literally, the “un-venomous” snake. There is speculation, both amongst MoH staff and donors, that the profile of health might improve if the elections result in a larger majority for the CPP and the elevation of a senior CPP-affiliated official to the Ministerial post.

²⁷ For summaries of progress made with sector reform in the MoH since the early 1990s, see for example Walford et al 1999; MediCam 1999; MoH and WHO 2002; Grosse et al 2002.

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Networks, institutional identity and capacity

One consequence of the subordination of formal structures to informal networks is that state institutions in Cambodia are often rather weakly integrated. This is most obviously true with regard to horizontal integration at any given level: there is, as in most state systems, little coordination between sectoral ministries, making “joined-up” policy-making hard. However, it is true also with regard to vertical integration (in terms of how different levels of a line Ministry do or do not relate to each other). It is striking that much of what officials say and how they say it implies that institutional identity and interests are defined on a very localised scale. Poor communications and a reluctance of subordinate elements in a hierarchy to speak up to higher elements are both contributory factors and symptoms of this inability of line structures to coalesce around commitment to sectoral objectives and policies. Both Ministries and Provinces will talk of their relationship with “the Government”, implying that they see themselves as, at some level, distinct from the Government; staff in Provincial line Departments, meanwhile, will talk of their parent Ministries in a similar manner (“we report to the Ministry of Health”).

A legacy of decentralisation-by-necessity during PRK post-conflict state-building in the 1980s, this problem has been tackled through a variety of sector-level reforms over the course of the 1990s, with some degree of success (see Box).

Box 2: Facilitating institutional cohesion in the Ministry of Health

Up until the early 1990s, there was in effect no unified public sector health care structure in Cambodia: with very limited material and human resources available, and hampered by poor communications, health services in each Province were administered by the Provincial authorities and as such the organisation and management of these services varied greatly between Provinces (MoH and WHO 2002: 11). Policy changes – most of them under the framework of SHS / HSR – have systematically addressed the need to integrate the central, Provincial and sub-Provincial levels of the health service through an appropriate definition of roles and relationships. Management and service delivery functions, staffing levels and composition, and planning and financial systems have all been largely standardised. Better reporting (using ‘phone, fax and e-mail) and supervisory activities help to reconcile the delegation of different sector management functions to the appropriate level with the need for the centre to maintain an overview and to be able to roll out policy. However, problems remain. There is still ambiguity about the role of the Provincial Health Directorate (PHD), particularly with regard to the management and delivery of national programme activities; and until recently lower levels were not much involved in strategy formulation by the centre. An annual National Health Congress plays a valuable role in bringing together the public health staff of the central MoH with those from sub-national levels, and the process of writing the Health Sector Strategic Plan (HSP) - while somewhat rushed - appears to have engaged the contributions and (broadly) the commitment of sub-national MoH actors at least down to the PHD level. The Joint Annual Health Sector Review – the first of which was held in April 2003 – further broadened and deepened the participation of sector stakeholders by drawing in representatives of the lowest levels of the public health services (the Health Centres), local government (the elected Commune Councils) and the sector-specific community participation and oversight bodies (the Village Health Sector Support Groups). These groups were seen to have exercised considerable influence at the Review meeting, due in part to the services of a skilled Khmer facilitator.

In the context of weak vertical integration, donors sometimes express concern that granting sub-national levels formal powers to raise their own revenues (e.g. through user fees levied at the facility level in the health sector) weakens the discipline that

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the central Ministry can exert over them, and potentially undermines the role of policy-making. Under the Health Finance Charter (HFC), for example, fully 99% of user fee income is earmarked for retention at the facility level, with only 1% passed up to the central MoH²⁸. The fear has been that the introduction of user fees might lead to facilities drifting away from the supervision of their parent ministry.

In the health sector, impressionistic evidence suggests that the introduction of facility-level revenue generation has *not* directly affected the ability of the MoH to introduce or enforce new policies. There are several ways of looking at this. Central policy discipline was anyway weak, given poor communications, inability of the central Ministry to supply funds and drugs to facilities in an adequate and timely manner, and underdeveloped M&E and supervisory functions: there was not much control to lose. Secondly, for most facilities (certainly most HCs) user fee income accounts for a relatively small proportion of overall funds: notably, drugs are still supplied by the centre²⁹. More positively, other health system reforms (e.g. the development of the HIS or the integrated programme of supervision) have exerted a countervailing influence in favour of Ministerial integration. Basic institutional design work within the user fee system itself – e.g. ensuring that the ODs are represented in the health financing committee of a referral hospital – has meant that in some ways the introduction of user fees has actually created additional ties binding facilities to the OD and PHD, and helped to strengthen the functional integration of different levels. Facilities had levied informal point-of-service fees long before the practice was formalised in the HFC: by making it policy, the centre made the practice more transparent and more subject to supervision and regulation.

Within the land and forestry sectors, the emergence of different ministries with different responsibilities has made co-ordination more difficult. The Forestry Law places MAFF in charge of forest management, for example, but the Environmental Protection and Natural Resources Management Law places the Ministry of the Environment in charge of management of protected forests. MAFF has the authority to cooperate with MoE on forest offences, and jurisdiction over state forest, as opposed to private forest. The Ministry of Land Management and Urban Planning, however, has jurisdiction over the registration of land as private property. Co-ordination between the ministries is made more problematic because of a lack of precise information about the extent and type of forest that exists in Cambodia. The Forestry Law makes distinctions between state and private forests, production, community, flooded and conversion forests, any of which may be virgin, degraded or reforested. Different types of forest imply different rights and responsibilities on the part of the different levels of government, non-governmental stakeholders, and ministries.

A lack of information about the whereabouts, extent and condition of these different types of forest makes planning and coordination within and between Ministries and between central and local government, on the basis of these typologies, extremely difficult. It also allows manipulation of the categories for private gain. For example, the Forestry Law provides for the maintenance of a

²⁸ Of this 99%, 50% is allocated to salary supplements and 49% for non-salary costs (although in practice this is often used to pay for staff-related costs e.g. meals for hospital staff on duty).

²⁹ Although the Kompong Thom provincial hospital reported, somewhat alarmingly, that they were being forced to use income from user fees to purchase basic drugs in the face of a serious decline in the reliability of central drug supply over the last year.

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Permanent Forest Reserve, defined as “State public forest located on lands bearing no private ownership rights,” and to be “maintained to ensure a sustainable permanent forest cover.” Forestry management provisions are designed to ensure that any productive use of Permanent Forest Reserve must be in line with certain management practices, designed to ensure sustainability. However, given the lack of information about where these lands begin and end; given also the present state of flux in land registration and titling, it is a relatively simple process to simply register ownership of land that might be permanent forest reserve, through the process of sporadic land registration, without reference to any forestry management policies, and then to clear cut it for private use. Although jurisdictions are defined in law, they are defined in terms of points of reference about which there is no information on the ground, effectively rendering them useless. There are claims among NGOs that satellite imagery, which should provide clear information about these issues, is being withheld by the government in order to ease the process of rapid exploitation of forestry resources.

A further problem within the forestry sector is the remoteness of the major forest areas. This entails both that ministry staff posted there have only tenuous ongoing communications with the ministry in Phnom Penh, and that the other stakeholders with whom they have more regular contact – private logging companies, outposts of the military – are likely both to be hostile to centralised oversight, be keen to co-opt (and pay for) the services of DFW officials, and to have interests in evading, rather than conforming to, central government policy. Enforcement of forest policy is notoriously weak, and DFW officials in the provinces have gone to great lengths to evade scrutiny by independent monitors. However, this is not necessarily only a centre-periphery problem, as the indications are that the highest levels of the Department of Forestry and Wildlife in Phnom Penh, like the highest levels of the RGC itself, are complicit in evading such scrutiny and in exploiting the forest in a manner that is incompatible with their own stated policies. It does suggest, however, that reform needs to be root and branch, rather than top down.

Networks, power and policy

The opacity of power in the context of a network-oriented political system, and the resultant fluidity with which different players achieve and lose influence within the Cambodian government, makes spotting the influential parts of the system difficult at any one time. Furthermore, as pressure is brought to bear on particular parts of the system, power and influence is likely to flow elsewhere in compensation making donor reform strategies very difficult to formulate effectively. The continued diversion of large percentages of the national budget to Defence expenditure is a sign of the continued power of the military within the executive. Different civilian ministries are reported to wield vastly different degrees of power and influence. This power is reported variously to emerge from the importance of their jurisdiction to the Cambodian economy; their ability to mobilize resources from within, via networks of rent-seeking activity; the personal influence of their ministers with the Prime Minister; and their ability to capture resources from donors.

It is likely that the formula for power includes all the above variables, and that relations of causality is not always fixed. For example, while close associates of the Prime Minister are likely to be appointed to the most powerful ministries, the ability of a minister to cultivate better relations with the Prime Minister may also award power to his or her ministry.

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Equally, relations between centre and provinces vary, depending upon the particular dynamics of different policy areas. Within the forestry sector, this relationship has varied radically over the past ten years, with a higher degree of centralization emerging recently. In the early to mid 1990s, forest concessions were allocated in a very decentralised manner, by the military, provincial officials, and various government ministries, as well as by the Prime Ministers themselves. Under pressure from donors, the process of awarding concessions was significantly centralised, with a number of provincial level actors cut out of the process. However, the official monitoring of those concessions that continue to exist is extremely weak, permitting extensive illegal logging by provincial level operations, including by units of the military (see Box).

Box 3 Institutionalising the Logging Sector

Institutionalisation of the logging sector was prompted by World Bank and IMF insistence in 1996. Concerned that much-needed revenues were being lost in the period of rampant, unregulated logging in the mid-1990s, the World Bank undertook the first studies of the potential for commercial forestry in Cambodia during 1997 and 1998, and subsequently, in January 1999, Hun Sen issued a 17 point declaration to govern concession forestry. The establishment of the Forest Crimes Monitoring Unit, with the appointment of Global Witness as independent monitor, followed. 12 concession contracts were cancelled during 1999. Legislation included a Law on Environmental Protection and National Resource Management, in January 1998, which was followed by a Subdecree on Environmental Impact Assessment in 1999. In 2000 this was followed by a Subdecree on Forest Concession Management, which required concessionaires to submit Sustainable Forest Management Plans and Environmental and Social Impact Analyses. In 2002, the Forestry Law was passed, and a National Forestry policy Statement drafted. The Draft Subdecree on Community Forestry was reported to be reaching completion, and concessionaires finally – after a number of missed deadlines - submitted Sustainable Forest Management Plans and Environmental and Social Impact Assessments in November. However the formalisation of centralised control and monitoring did not lead to a centralisation of actual power over the sector. In 2000, it was reported that the Department of Forestry and Wildlife (DFW), the department of MAFF with the responsibility for oversight of productive forests, had little ability to implement any of the legislations or subdecrees passed. The DFW was organised into a central headquarters and 23 provincial field offices, positioned under the Provincial or District Department of Agriculture. However, one report commented that “the authority and chain of command of this system is not totally clear, though provincial authorities appear to have stronger control over the Forestry Offices than the DFW office does.” The same report suggested that DFW staff in the provinces central also “unofficially contracted out to concessionaires” to assist with planning – a report confirmed by interviews in Kompong Thom. Further, it was suggested that the DFW has, in any case, little capacity for law enforcement, particularly as the local police and military were often moonlighting as private security personnel for the concessionaires. The Forest Crimes Monitoring and Reporting Unit, similarly, failed to report any crimes, even though the independent monitor, Global Witness, claimed that forest crimes were ongoing. In 2003, according to Global Witness, Forestry Network and to villagers in forest areas of Kompong Thom, although the situation was significantly improved compared to 1996, illegal logging by non-concessionaires was rife, concessionaires fulfilled the legal requirements of the laws and subdecrees either haphazardly or not at all, and there were few effective or reliable institutional sanctions available to address this situation.

The situation within the forestry sector illustrates a problem that affects, to a greater or lesser degree, the broader Cambodian state apparatus. Official lines of communication between different offices are generally poor, unless particular

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interests have provided the motivation to strengthen them. Such motivating interests seem to emerge more usually from unofficial, even illegal, rent-seeking activity, rather than from concern for the implementation of policy. State officials find it more lucrative to subcontract their expertise to the private interests they are supposed to be policing. Personal intervention by powerful individuals can cut through these private interests on occasion, but the cohesion of the system relies upon the reticence of the highest levels in this respect. Occasional interventions are tolerated, in the name of reform, provided a tolerable sphere of discretionary action is maintained. Consequently, donor reform efforts are met by occasional radical activity, on the personal initiative of a senior official and particularly in cases where such activity can neutralise a personal rival, followed by long periods of backsliding. It is significant that the main initiatives in forestry took place shortly after the 1998 election, when the Prime Minister was riding high on a wave of party and donor support. As the 2003 election approaches, the Forest Crimes Monitoring and Reporting Unit has collapsed, the independent monitor has been threatened and dismissed, and heavyhanded policing has been used to deal with protests in the Forestry sector. At a time when the centre depends heavily on the cooperation of the periphery to deliver the vote, scope for centralized, pro-reform intervention is narrower, and the need to permit plenty of room for local level rent-seeking is prioritized.

The centrality, to state functioning, of the provision of opportunities for amassing wealth entails that “turning a blind eye” to such practices becomes a central government practice. It is this practice above all else that undermines the rational bureaucratic functioning of the Cambodian government, for a number of reasons: it undermines flows of information within the state; it limits the state’s disciplinary capacity except on exceptional occasions when the future of the entire system is in doubt (for example, during elections); it entails the need to leave discretionary power in the hands of officials, untrammelled by the dictates of law or policy; and it obviates the need for technical efficiency on the part of officials, since the action of the state is not determined by expertise but by incentives offered by individuals, within society and from outside (eg. donors and investors).

Middle-level officials in Cambodia are frequently much more technically competent than their Ministers or Secretaries of State, having received training in the Soviet Union or elsewhere in the Eastern Bloc in the 1980s, or having taken advantage of post-1991 scholarship or training programmes offered by Western donors. They are limited in terms of their policy influence by the lack of internal debate within ministries, and the lack of any structures by means of which senior level political appointments can receive advice from permanent civil servants. The engagement of donors with ministries has prompted a situation where technical officers can consult with donor officials to produce policies. However, without the presence of donor officials within the ministries, channels for discussion between the political and technical layers of the civil service are quite poor.

This can be attributed to a number of factors. First, it may of course be a cover for the fact that any drive towards inclusivity or technocracy in policy-making may challenge the vested interests of policy-makers themselves. This appears to be the case particularly in departments such as the Department of Forestry and Wildlife, which is widely reported by donors and forest monitors to be the collection point for millions of dollars in illegal revenues from logging. Efforts at reform within

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these departments would thus run headlong into vested interests that underpin the matrix of power and patronage that currently sustains government in Cambodia.

However, such attitudes are found more broadly within the state apparatus. There is undoubtedly a cultural factor at work. A strong emphasis upon ceremony rather than efficiency within ministries is evident from the layout of offices; the extraordinary absence of paper-work within the offices of senior officials; and the attitudes of senior aides to their ministers. This also, however, reflects the purpose for which the state has functioned since the late 1980s. Policy has been eschewed in favour of personal deal-making as a means to enhance the cohesion of a politicised party-state. Even when there are few substantial rents to be collected, the retention of discretionary action in order to facilitate any personal deals that may become available appears to remain a key aim. This prompts an emphasis upon ceremony, in that an appearance of personal power permits the cutting of more favourable deals; it discourages the production of paper-work that might at some point be limiting with regard to personal discretion, or incriminating with regard to personal actions.

The disparity between the importance and effectiveness of informal networks and the weakness and ineffectiveness of state institutions is mirrored, and to a great extent propelled, but the disparity in the level of rewards that can be reaped from rent-seeking and the level of public salaries. With the exception of a fortunate minority, staff at all levels find it impossible to live on their official salary. Those in management positions face the additional challenge of maintaining both a cohesive bureaucratic unit and their personal network of socio-political obligations (which extend upwards, to those to whom they owe their position or other favours, and downwards, to those relatives and followers for whom they have in turn secured position). Achieving these immediate objectives with the minimal resources available, and within bureaucratic and financial structures and procedures that are still often highly dysfunctional, leaves little time or resources for the pursuit of policy objectives such as poverty reduction. For state employees, the imperatives of family survival and basic institutional reproduction often take precedence over policy outcome goals (whether or not these are defined in pro-poor terms)³⁰.

Based on the evidence of malign symptoms (absenteeism and moonlighting, rent-seeking, embezzlement) which logic suggests are linked to the lack of a living wage, it is generally assumed that inadequate pay is *the* fundamental constraint on improved state performance (particularly in labour-intensive service delivery sectors such as education and health). Governance reforms accordingly concentrate on strategies to progressively improve public sector salaries. Given how much rides on this strategy, it is right that the assumption of a salary-performance linkage is regularly tested. Broadly speaking, the evidence to date supports this assumption. In the health sector, for example, experiments in contracting, and the experience of improved service delivery in facilities in which staff salaries have been supplemented by user fee income, suggest that improved salary *in combination with improved guidance and personnel management* does – as expected – improve motivation, attendance and professionalism.

³⁰ During the course of the research for this study, many employees (at all levels) asserted that they – and their colleagues – would prefer to be able to perform their functions professionally, but often could not afford to do so.

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More than just a simple across-the-board rise in salaries, however, public sector managers at all levels emphasise the need to be able to disproportionately enhance salaries (a doubling was mentioned) in order to attract and retain health staff in remote areas. Ensuring that staff are present in facilities in remote areas – and when present, are not fully preoccupied with attempting to escape back to the towns – is an essential component of pro-poor service provision.

Where policy has been generated, it has generally been through a coalition of mid-ranking technical officers in central ministries in Phnom Penh, and donors. Such coalitions have the resources, influence and expertise to draft legislation and push it through the policy process. Donors have frequently found it necessary to pay salary supplements in order to gain the motivation and allegiance necessary to achieve this. However, even where legislation is achieved, implementation is problematic due to the poor relationship between the donor-supported centre and the unsupported provinces.

On the question of implementation, consultative processes have rarely been established. The Forest Crimes Monitoring and Reporting Unit was one example, which eventually failed as conflicts of interest between state officials appointed to the unit from the DFW, and the independent monitor – the international NGO Global Witness which has a long record of robust criticism of the Cambodian government – quickly became fraught with tension.

Monitoring by local NGOs has not emerged as an important factor regulating policy implementation. Although local NGOs have engaged enthusiastically in advocacy activities, they routinely report that they have no power without backing from donors. This raises serious issues regarding the place of donors in the emerging political system in Cambodia, as well as problematising the ability of local NGOs to bring local, rather than international, views to the bargaining table. The more local NGOs are rendered reliant upon donors in this respect, the more likely they are to couch their campaigns in terms that reflect international, rather than grass-roots interests, in a bid to attract international support for their cause. This trend suits government officials, who prefer to keep policy making out of the hands of those who directly mobilise and represent the poor, but who have a more relaxed attitude towards “professional” NGOs.

4.2 Rationalising failure

These problems with the functioning of the Cambodian state are, arguably, recognised by officials within the ministries, although they tend to be either referred to euphemistically (at least in conversations with Western researchers), or attributed to problems that are beyond their control. The following comment by Minister of Environment, Mok Mareth, is typical:

“With the good will and commitment of the government and best wishes of the people, we can implement our plans. Some allegations I agree with – there is corruption and human rights abuse. But some people exaggerate sometimes for political gain. And also, we used to live in a difficult period of war and peace, from 1979 to 1993 and then to 1998. We still request an increase in salary – the minimum we need to survive is \$120 a month, but we get about \$20. Even the head of department – we want to increase, but how can we? We don’t have enough resources.”

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While the complaint is valid, attribution of the low level of civil service salaries to a lack of resources, or of widespread corruption to the lack of a corruption law, are common and, on the face of it, valid. Yet both these reasons, presented as if they were first causes, are in fact the result of decisions taken by the government to prioritise other issues. In attributing problems to these causes, officials simply attribute the problem to a decision that is out of their hands, with the concomitant unspoken suggestion that Cambodia's poverty is the main issue, and therefore further disbursement of funds by donors would help.

The tendency to point to a myriad of interconnected problems, emerging from higher level decision-making, that make personal policy reform initiatives difficult reflects both legitimate concerns, but also a rationalization of the fact that such personal reform initiatives are foreign to the institutional culture of the Cambodian state. Taking reform initiatives would mean risking the displeasure of those higher up the hierarchy, as well as tangling with vested interests adjacent or further down.

Perhaps as a rationalisation of this inaction, there is a tendency on the part of state officials to blame problems of government on the ungovernability of society. Donor beliefs regarding "lack of capacity" within Cambodia, and the tendency of Western donors to dismiss the considerable efforts at reconstruction, state-building and personnel training made under the auspices of Eastern bloc donors during the 1980s, have been appropriated by state officials to provide a generalised excuse for problems of policy implementation. Referring routinely to the carnage wrought by the DK regime amongst intellectuals, state officials tend to blame policy problems either on inadequate human resources lower down in the state system, or upon the ignorance and poverty of the wider society.

For example, a common view put forward by officials in the ministries dealing with forestry is that the main problem in the forests is encroachment by local people, seeking food. The problem of food security is (probably correctly) seen as fundamental to the question of governability in society – no policy is going to work unless it preserves or enhances the diverse food security strategies of the population, and this is a significant barrier to the formation of long term policies for organising the sustainable use of natural resources. The appropriate solution to the issue of food security is widely regarded by state officials as greater agricultural development, facilitated by the application of technology. For example,

“To solve the forestry issue, we have to enforce the law but also we have to help to resolve the problem of poverty. We have to emphasise the activity of government and the importance of policy for agricultural development.”
(Mok Mareth, Minister for the Environment, Feb 2003)

“The critical aspect is technology – I worry about how to get technology parallel to other countries. To improve production we need a technology upgrade. Look at Malaysia and Thailand – they use a lot of high-tech, skilled people... I focus on technology. When you talk about Community Forestry, you talk about a family scheme, but many are not educated, not literate. But technology from the Ministry can assist them. For example, USAID has created a library in the Ministry, with internet connections, to find information... For community forestry to work, we need to provide technology to the farmers.” (May Sam Oeun, Secretary of State for Agriculture, Forestry and Fisheries, Feb. 2003).

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“ [To tackle illegal logging] we need assistance – we need more resources for the Department of Forestry and Wildlife. We lack everything. We need more equipment – we want to see how much of the land is really forest land, but we need GPS, aerial satellite and transportation equipment.” (Ty Sokhun, Director, Department of Forestry and Wildlife, Feb. 2003).

Asserting the need for technology is often associated with the lack of resources available to the state. However, the great silence here relates to the sucking up of state resources by the military. Maintaining the taboo on discussions of the relationship between the government and military thus serves to exculpate officials from discussion about the appropriate and responsible use of funds that are available to government. Officials can simply and credibly plead poverty, within their own ministry.

Once again, this construction of the problem relieves officials of responsibility for coming up with solutions. The claim that greater technology is needed erects an impasse – neither the impoverished rural population nor the cash-strapped Cambodian state can be expected to fund such capital investment. At the same time, donors are unlikely to fund a rural technological revolution in Cambodia, because of current donor thinking about capacities of the rural poor, and participatory development.

Adopting the position that a lack of high-tech equipment and the expertise to use these amongst local people renders every solution very long term and obviates the need to show results in the short term. Reassertion of this position undermines efforts to institute critical scrutiny of policy implementation. While it is certainly the case that modern government requires a degree of modern technology, and the Cambodian state is hampered by a lack of this, the assertion of this as the fundamental problem effectively puts the ball in the court of donors to provide the technology required, and alleviates pressure on government officials to experiment with solutions of their own.

The alternative, participatory view of development is regarded with suspicion by government officials. Where officials have taken up this language, it tends to be viewed as the outcome of a long intervening process of training regarded as necessary to transform “the people” from the ungovernable, obstreperous and non-cooperative mass that the government perceive into the empowered, entrepreneurial and initiative-taking individuals that donors perceive. As stated in Section 2, state strategies vis-à-vis the population are characterised by exploitative rent-seeking and a significant degree of control and surveillance. These difficulties of communication between state and population prompts state initiatives vis-à-vis the poor to take the form of high-handed and populist patronage. Such initiatives represent a relinquishing of responsibilities for policy, rather than an embrace of them.

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5 Patterns and trajectories of sector-level change

Much Government and donor effort focuses at the level of changing institutions and incentives within sector ministries. While the previous chapter has identified some of the underlying aspects of regime type that create potential and constraint for pro-poor policy changes, this chapter will focus, within the sectors described, upon drawing out the processes of policy change that have occurred and evaluating their impact upon the poor.

5.2 Capacity, incentives and will

Motive and opportunity

It is extremely hard for outsiders to gauge the depth of genuine commitment to pro-poor outcomes on the part of RGC policy-makers. In part this is because what is meant by poverty and what is seen to constitute poverty reduction is intrinsically ambiguous; in part it is due to the significant incentives that exist for them to give the impression of commitment in order to secure support from donors.

With these caveats in mind, there does seem to be in parts of the state machinery a greater willingness than in the past for staff to volunteer poverty reduction as a policy objective, and to do so in a way that suggests belief in what they say and some thought as to what this might mean. While this should certainly not be taken for granted, it should not be entirely surprising, given the amount of effort invested in writing pro-poor policy into law and regulations, both at the sectoral level (e.g. the 2003 Strategic Plan in MoH) and – more contentiously - at the level of Government-wide policy (e.g. the NPRS). The degree of apparent commitment does however vary considerably: amongst those met during the course of this research, it was generally stronger amongst health professionals and less developed amongst Provincial Governors and Vice-Governors (for whom the concerns of government were expressed typically in terms of agricultural production and the maintenance of law and order). Expatriate observers familiar with the health sector were generally of the impression that the MoH had become considerably more pro-poor in orientation over recent years³¹.

Arguably then, there are significant numbers of civil servants (albeit probably more commonly found in service delivery Ministries than in Ministries responsible for resource management) who do see it as part of their job to serve the poor. However, as documented in Chapter 4, such individuals face a number of pressing constraints which make it hard for them to do behave in a manner consistent with pro-poor outcomes.

There are a number of cases in which motivations other than the welfare of the poor have contributed to the adoption of policies which have nonetheless had a pro-poor effect. The 1996 health financing charter is, broadly speaking, a case in point. The desire to formalise user fees in the health sector appears to have originated with the

³¹ Certainly the comments made by public health staff during the course of this research suggested a broader and to some extent deeper commitment to pro-poor health policy (e.g. in the context of exemptions) than that implied by some of the comments reported from health staff in Starling 2000 (p. 22).

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MoH rather than donors. By the second half of the 1990s, senior figures perceived that the Ministry was facing a crisis of faith in the public health system, as people rejected the poor quality and unpredictably expensive treatment that could be obtained from the Government, preferring instead the service they could obtain from private providers³². RGC motivation for embarking on the process which led to the HFC was thus primarily about institutional sustainability and increasing the resources available to the MoH, rather than specifically about encouraging the poor to access public health care. Although not driven by a Government concern with the poor, this policy is compatible with that aim, and has had a net beneficial effect in terms of increasing the utilisation by the poor of preventative and curative services offered by Health Centres³³.

Donors thus need to be alert to the professional and institutional interests of sector policy-makers and ways in which these can be brought into alignment with the interests of poor groups. In short, they need to be both strategic and opportunistic.

Leadership in policy development

Policy change in Cambodia is a top-down process, originating in decisions at a senior level. Leadership need not however come from the very top. Partly because of the considerable *de facto* independence enjoyed by Provinces (an independence which arises in large part from the fact that they cannot rely upon the central Ministries for adequate and timely release of funds), leadership has often emerged at the level of the heads of Provincial departments - so long as they can act within the boundaries of what does not threaten the interests of more powerful actors. In effect, this means that Provincial reform leaders can emerge and can be effective in some sectors (e.g. health and education) but are not likely to emerge or be effective in others (e.g. MAFF). While the emergence of Provincial leaders is to a certain degree independent of what happens in Phnom Penh, it is certainly made easier if there are components of a supportive, pro-reform culture within the parent Ministry.

Equally, the election of commune councils creates a new dynamic in the relationship between periphery and centre, albeit limited because of the dominance of parties over individual councillors. A protest by villagers from areas of forest outside the Department of Forestry and Wildlife in December 2002, staged after DFW officials refused to engage in discussions over Environmental and Social Impact Assessments submitted by forest concessionaires, reportedly included a number of CPP commune chiefs. Unconfirmed reports also suggested that some of these commune chiefs were removed from their positions after the demonstrations. The tension between loyalties to parties and voters is problematic for commune councils, but it

³² The service provided by private health actors (pharmacists, private doctors, *kru kbmi*) was not necessarily any more appropriate or better value, or any more effective – indeed, it was often actively harmful. It was nonetheless popular because it was accessible (private practitioners often lived in the village), convenient (they would treat people in their own house at times that suited the patient) and polite; the costs were more predictable; and treatment could often be obtained on credit.

³³ It has been less successful in increasing the access of the poor to hospital services, but has probably made the situation in this regard neither better nor worse: and lays the groundwork for supplementary, albeit stop-gap measures – such as equity funds – which *do* offer the potential for pro-poor secondary and tertiary services.

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admits the possibility of a new kind of local level leadership, based upon a popular mandate.

What is clear though is that broader processes of policy change do not emerge from the lower levels of the administration. The kind of systematic internal consultative process or opportunities for suggestions from the bureaucratic grassroots that are (sometimes) employed in policy development within the administrative hierarchies of more complicated state structures in rich countries do not exist in Cambodia. There are very few channels through which low-level Government staff directly responsible for service delivery can communicate the nature of and reasons for policy failure up the hierarchy to policy makers. By and large, they do not expect to have this capacity to tell more senior officials the bad news about policy failure. This sense of one-way communication within Government structures affects all levels. Even Provincial Governors at times assert that they are powerless to influence policy – for example, on the granting of concessions. In part these claims to lack of influence are strategic, and protect Province-, District- and Commune-level actors from the need to adopt active or pro-poor policy positions. There is nonetheless some truth to these claims.

Resistance to policy change: risk aversion and self-interest

If the desire for new policies is often driven by an acute crisis of institutional reproduction, there may be considerable resistance to policy innovation in the absence of such a crisis. This resistance to change can be attributed to a combination of fear and material self-interest. These motivations overlap to a considerable extent - the fear of change is most often a fear of losing the opportunities for resource capture offered by current arrangements or of threatening vested interests of the powerful – but can also be partially disentangled³⁴. The issue of self-interest has been discussed above in the context of opportunities for consolidation of rent at senior levels. The following paragraphs will discuss intangible and perceptual aspects of bureaucratic aversion to policy change.

There is a large element of functional rationality in the reluctance to embrace change, seen both in terms of resistance amongst senior officials to formulating new policies, and a corresponding resistance amongst lower levels of the administrative hierarchy to implementing any new policies that might be formulated. Actors at all levels are often reluctant to change a system which, however flawed and perverse in its cumulative effects for society and the economy, has its own ecology within which political actors have learnt to survive (and some to prosper). Policy change often amounts to a leap in the dark. Given that the vast majority in the administration are getting by but not thriving, policy changes which affect opportunities for rent or require more of the time that public sector staff presently devote to more profitable moonlighting activities will be resisted until they can be proved to deliver benefits.

³⁴ Even in Ministries regarded by donors as more capable and reform-minded, policy reform can be seriously delayed by just one determined individual who has an incentive to resist change. The five years taken to obtain a working *prakas* with which to implement the abortion law was cited. Delays and – when pressed - the production of clearly unworkable drafts are tried and tested strategies by which senior stakeholders seek to resist policy changes which threaten their interests.

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The distribution of formal decision-making authority and real power across the policy system also discourages initiative and long-term thinking on the part of ambitious individuals at lower levels in the administration. Initiating, implementing and institutionalizing policy changes at any level in the system below that of the Council Of Ministers implies a corresponding limit on the discretionary powers of the CoM. Individuals who over-reach themselves in promoting their own vision are regularly cut down. The rise and demise of Chea Sophara, touted as one of Hun Sen's men on his appointment to the governorship of Phnom Penh in 1998, but removed in 2003 as a scapegoat for the anti-Thai riots, is instructive. Sophara was an energetic reformer, whose administration included a group of young and enthusiastic architects and urban planners trained in France. With money from the French government, Sophara was engaged in an ambitious plan to transform Phnom Penh through rebuilding of roads and drainage systems, the development of parks and conference centres, and a hardline stance vis-à-vis illegal immigrants and squatters. In doing so, Sophara built up a personal following within officials in City Hall as well as among voters in the city, even as he antagonised other branches of the state whose interests he threatened. His removal, shortly before a general election, strongly suggests that his reformist and populist, but nevertheless policy oriented approach was threatening to higher echelons of party and state. This was surely noted by other senior officials in the Cambodian state. There may also be some validity to the argument that the legacy of the 1970s has made people nervous about radical change, and sceptical about the value of planning for the long term rather than getting by day to day³⁵.

In the face of risk aversion, it clearly helps if the policy change in question does not entail a major risk. It may be that when evaluating policy options, policy-makers pay more attention to the need to minimize risk, rather than the potential for major gains. One explanation put forward for the relatively rapid progress made with community participation in health facility management, for example, is that such a policy represented little if any cost or risk to the Ministry. The implication for donors might be to look firstly not only to pro-poor policies which offer some material advantages to those implementing them but, as importantly, to policies that entail a low level of risk.

Building sector policy bottom-up

One implication of the risk aversion apparent in the Cambodian policy process is that policy change must be proved to be at least safe and preferably beneficial before it will be widely accepted by the bureaucracy concerned. This helps to explain why much sector policy in Cambodia has developed out of sub-national experiments³⁶.

³⁵ Explanations of contemporary attitudes and behaviour which refer to the experiences under the Khmer Rouge need to be used with caution. It is now almost a quarter century since the collapse of Democratic Kampuchea, and much less than half of the population alive now has had any direct experience of those times. Some attitudes shaped by the DK period are of course transmitted inter-generationally as children are socialised by the behaviour they observe amongst their parents' generation.

³⁶ There is of course a supply-side as well as a demand-side explanation for the prevalence and thus influence of sub-national pilot schemes. Cambodia's development partners have frequently chosen to focus on sub-national levels not for objective reasons but because they have felt more comfortable with project modalities, which offer more autonomy and better prospects for visible and attributable impact in the short to medium term.

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(In the health sector, examples would include both health financing and community participation.) Given that there is often resistance to policy change, it is important to demonstrate the effectiveness of a policy innovation, rather than simply present it in terms of concepts and theoretical benefits. This was a point made by both expatriate observers and Khmer Ministry staff at a variety of levels. The value of starting with pilots at sub-national levels is thus as much to do with the political imperative of convincing senior policy makers of the benefits – or lack of risk - as it is to do with the technical imperative of testing alternatives to see which works best.

Even when it entails little or no risk, and offers potential bureaucratic advantages, evidence-based policy change occurs only slowly. Community participation in health facility management is a good example (see 6.1 below). This process has taken a full decade to evolve from UNICEF-assisted pilots in Svay Rieng and Siem Reap, through more extended trials of slightly different models associated with different donors, to the policy statement in March 2003 – even though it is a policy which has little or no cost (financial or political) to the central MoH.

However, the ability of reformers to draw on the experience of sub-national policy experiments to build a national policy is clearly not automatic. Without an effective political champion at the national level, such initiatives may never make the transition from pilot to policy. This is the case with the community forestry sub-sector, in which, despite scores of community forestry initiatives, the legislative and administrative framework has developed extremely slowly, and is regarded by many in the sector as currently far from satisfactory.

The implications of this for a donor such as DFID are complex. In large part, the complexity is to do with how to approach relationships with other donors. In seeking to leverage sector policy development by using relatively uncomplicated transfers of large sums into a multi-donor project such as HSR III, DFID has a basic predisposition to approach fundamental policy problems from the top down (DFID 2001b), and can easily become preoccupied with debating national strategy choices in concert with actors such as the World Bank or WHO. Whatever their differences in preferences and priorities might be, these donors tend to share DFID's focus on the big picture. In some cases, it is necessary to go out of the way to consult with development partners – such as UNICEF in the health sector (and arguably ADB, on the basis of their experience with contracting) - who have worked with the Ministry at a sub-national level, who have established trust and understand capacity. This can be somewhat frustrating, but it does help to have good intelligence on how policy is perceived at the Provincial and sub-Provincial levels.

Building capacity without undermining ownership

The process of sectoral change is slow and subject to reversals and unexpected delays. Even in the most successful Ministries, donor TA must walk a very fine line between sustaining pressure for reform, and taking the dominant role. They have sometimes over-stepped the mark – very often without obvious sign, and without realising it. With regard to the Ministry of Health, for example, expatriate observers hold widely divergent views. Most subscribe to the view that the MoH is amongst the most capable of the RGC Ministries: a significant minority, however, believe that this capability is greatly exaggerated, and that the MoH still feels the need to consult and “hold WHO's hand”. Cases are cited when senior MoH officials have referred questions about Ministry policy to WHO advisors.

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5.3 Boundaries, ownership and accountability

There are a number of instances in which problems with the management of service delivery or natural resource use arise from the mechanics of political geography, when there is a lack of spatial congruence between different types of administrative unit.

One of the specific hypotheses we were asked to explore at the outset of the fieldwork was that the late-1990s reorganisation of health service provision along functional (demographic) rather than political-administrative lines (see Box) weakened political ownership and accountability for health service provision. The concern is that if a Health Centre serves several Communes, none feels ownership for it. Similarly, if an Operational District spans two neighbouring administrative Districts (*srok*), neither will exercise effective political control over its activities.

Box 4 The Health Coverage Plan

In the mid-1990s, the organisation of the health service mirrored that of the administrative structure, with primary health care provided at the Commune level, basic hospital services at the District, and more complex hospital services at the Province. As Communes and Districts could vary enormously in terms of the size of population they contained, Commune- and District-based service provision resulted in some Commune clinics serving a few thousand people and some serving over ten thousand. Under the Health Coverage Plan (HCP), the boundaries of facility catchment areas and health administration districts were redefined so that health facilities of a given level served a similar catchment population, rather than simply the population of an established unit of the normal administrative hierarchy. Whereas previously every Commune had (in theory) its own clinic, under the HCP two or three small Communes whose total population added up to 10,000 would be served by just one Health Centre (the lowest level of the new health hierarchy) which would provide a standardised set of primary health care services (the Minimum Package of Activities or MPA). At the next level up, whereas in the early 1990s every District (once again, in theory) had its own hospital, under the HCP, the catchment areas of every 10 Health Centres have been aggregated into an Operational District (OD) serving some 100,000 people. Each OD has a Referral Hospital (RH) providing a Complementary Package of Activities (CPA), comprised of secondary referral services which cannot be provided at the HC level.

Opinion is divided regarding the value of the new health structure. It is acknowledged that when several Communes share one HC, those Communes which do not have the HC on their territory are jealous of the Commune that does have it. Alternatively, the problem in such circumstances may be one of ownership: none of the Communes served saw the HC as theirs, and so none takes an interest in it.

In defence of the HCP, it is pointed out that prior to the HCP, Commune Clinics – or even District Hospitals – often existed only on paper. Many respondents also reiterated the original rationale for the HCP, namely that a Commune- and District-based health structure simply did not make sense economically, as the population of an individual Commune was in most cases too small to merit its own clinic (or, to put it another way, it was simply not a feasible or rational use of available resources to provide a facility for every one of the 1,621 Communes). It was also pointed out that there was never much interaction between the political-administrative and health service hierarchies under the old system, so the loss of accountability and

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ownership under the HCP was more theoretical than real. Of course, this ignores the fact that the Commune elections have been held since the HCP was initiated, and that some form of responsibility for local health service delivery would seem appropriate to the newly-democratic Commune Councils.

While many agreed that the HCP was imperfect, only one (expatriate) observer thought that the lack of congruence between the health and administrative structures constituted a serious problem meriting a fundamental change to the HCP. There was however some support for:

- a rolling revision of the coverage plan on a case-by-case basis, to deal with migration and population growth (which has resulted in some HCs, for example in Kompong Cham, now serving much more than 10,000 people).
- taking more care to locate facilities in the centre of the functional catchment area they serve. When located towards the edge of a catchment area, they fail to serve the population located in the distant half of the catchment (who often seek to use the facilities of a neighbouring catchment instead), and in turn draw in those living nearby but in a neighbouring catchment, muddying the population-based system of resource allocation.
- basing the number and location of facilities on travel time, rather than merely catchment population: thus, sparsely-populated remote areas with poor communications would enjoy a higher facility-to-population ratio than more densely populated areas in which physical access to the HC was easier³⁷.

Similar problems have also been experienced in community forestry, where the sharing of community forests between several villages has resulted in inter-village disputes. The management of local level resources among different administrative units requires local level leadership and initiative. While an increasing level of local democracy might facilitate this over the long term, over the short term there is little evidence that inter-village administrative relations are well-developed.

³⁷ Something like this has been attempted with “Health posts” in mountainous areas. While interpretations vary, it seems that on balance these are not working well.

6 Broadening the policy process: participation, representation and NGOs

To achieve a more pro-poor political system, it is necessary to complement strategies aimed at reforming the internal relations and incentive structures of the state with strategies which give citizens – especially poor citizens – influence in state decision-making processes. Since the early 1990s much effort has been invested in designs to increase the level of participation by the intended beneficiaries in project- and programme-based interventions in Cambodia and, more recently, in the policy process. (The PPA is the most notable example, but others would include the consultations on the possibility of Khmer Rouge trials.) A key question is whether these initiatives, together with decentralisation, have had any cumulative effect on either Government thinking or institutional practices regarding accountability or the need for a more participatory approach to policy-making; or on the thinking of the poor, and their “repertoire of contention” in encounters with the state.

Historically, there has been very little that would count as participation in the Cambodian policy system. Under normal circumstances, the intended beneficiaries of policies do not appear to take seriously the possibility that they might raise questions or criticisms of government³⁸. There is a mutually reinforcing interaction between low expectations of government, lack of interest and engagement with government, and low government performance (Biddulph 2001): the lack of communication from and initiative by low-level staff in the face of manifestly unsuccessful policies is related to this underdevelopment of participatory politics. A more active civil society might be able to exert pressure upon service delivery staff, encouraging them to raise their standards and to complain to their superiors when they lacked the resources necessary to provide what people demanded of them.

There is still a tendency for all policy actors to interpret participation in an instrumental manner, as a way to augment limited organisational resources by raising inputs of labour, materials and possibly money into new construction (and, to a lesser extent, maintenance). This can be observed amongst donors and INGOs: participation has a range of meanings in English, from physical engagement to influence in decision-making, and many projects have been happy to count bodies working on FFW projects or attending village meetings as indices of “community participation”. However, it is more prevalent amongst RGC actors and many (but not all) Cambodian NGOs (see O’Leary and Meas 2001: 42-3).

Facilitating community contribution to and involvement in local natural resource or service delivery management on the grounds that the state cannot fulfil its obligations with the financial and institutional resources currently available to it is not wrong *per se*. Approached carefully, this provides an entry point by which to seek to modify the social contract. If people are asked for their contributions, they should be supported by institutional partners (Government, NGO or donor champions) in asking for

³⁸ When asked who they would ask to find out why promised projects were not delivered, respondents in one exercise cited the proverb “If mother doesn’t open her mouth, children dare not speak”. In another case, a farmer commented, “the government is like the rain: you might feel angry with it, but if you go out to confront it, you’ll just get wet”.

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more input to policy and management as a *quid pro quo*. Organisations for the collective or joint (government-community) management of resources or service delivery can provide nuclei around which micro-level civil society starts to coalesce. To take one example, the desire to supplement available funds with community inputs is clearly part of the rationale for the new policy on community participation in the management of health facilities (MoH 2003 p. 6, 11). This represents both a pragmatic response to the twin problems of health financing³⁹, but also provided the opportunity for the intended beneficiaries to exercise influence over the management of health services, and appears to have resulted in less corruption and better services.

The danger is if “participation” in the sense of the engagement of socialised inputs is a one-sided contract. A cynical but plausible interpretation of the regulatory framework for community forestry is that, by granting communities rights over degraded forests for a maximum of fifteen years, the RGC delegates the task of reforestation to communities, but retains the right of the state to then take back and sell the regenerated forest for public (or private) gain. At worst, participation in this sense is indistinguishable from *corvée*, a practice deeply rooted in traditional south-east Asian understandings of state-society relationships, and one reinforced by colonial and later PRK administrative practices⁴⁰. The tendency to see the state’s right to organise involuntary labour on government works as part of the natural order and just one more resource available to local government is by now *less* common at higher levels: it does however persist in many places at the local level. In any discussion on policies which might involve “community” contributions, donors and NGOs need to be attuned to the possibility that policy might either be written or interpreted in this way, and proactively seek to safeguard against this possibility.

The lack of empowering participation is deeply rooted in Cambodian politics, but it is not immutable. There are signs of more assertive behaviour on the part of the governed, seen in the micro-politics of daily interactions with village and commune authorities and with service delivery staff, but also in organised protest by garment workers, landless groups and students. Nonetheless, the expectation of a right to participate in decision-making begins from a very low base; and the slow growth in confidence on the part of civil society can be rapidly reversed through a few effective demonstrations of state repression.

This chapter will examine the prospects for de-concentrating power and increasing citizen voice within the Cambodian policy and planning systems. It will i) review evidence of where local community participation in NRM and service delivery has and has not improved the quality of state action; ii) address early evidence of and future prospects for progress in democratising and empowering local (Commune Council) government; and iii) examine the limitations seen to date in using Cambodian NGO actors as representatives of civil society interest the policy process.

³⁹ Namely i) an inadequate health budget and ii) the fact that out-of-pocket spending on health is considerable, but went largely on either informal and thus unpredictable fees for public health services, or on private services which are no better or cheaper but are demand-led.

⁴⁰ Tully 1996; Conway 1999 pp. 269-73, 370. No-one has ever produced a detailed history of the PRK policy of K-5 (*gkor-pkerum*), by which able-bodied individuals were effectively enlisted and sent to the north-east to clear forests and build defensive works as part of the struggle against CGDK forces. Many died of malaria or landmines: together with the related policy of enlisting several men from each village to fight on the PRK side, K-5 is still remembered in villages and remains perhaps the most resented aspect of the PRK regime.

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6.1 Participation in implementation and monitoring of policy

As mentioned above, there have been numerous efforts to institutionalise local participation in sectoral policy implementation. The health sector provides an interesting example. Since the early 1990s, attempts to ensure community participation in the management of health facilities has moved from a pilot to become official policy. Box XX summarises the history of this policy change.

Box 5 Health Centre Management and Feedback Committees

Work on community participation in health care delivery started in 1993-4, instigated by UNICEF. Semi-official achievements in pilot areas, mainly in Siem Reap and Svay Rieng, gradually built interest within the sector. In 1997, the first national guidelines on community participation were included in the Health Finance Charter, which gave Health Centre Management Committees (HCMCs) the task of setting user fees and exemption policy. Facility-level committees were established in different provinces by different organisations, with slight variations between each. Various assessments from 1999 established that the presence of functioning user committees appeared to improve HC performance. A MediCam Working Group reinforced the case for community participation (MediCam 2000). Convinced of the value of user committees, the MoH sought to establish a standardised policy: DPHI asked UNICEF to help develop this, culminating in February 2003 in the launch of the *Policy on Community Participation in the Development of Health Center*.

While the policy has changed over time and varied between Provinces, it has typically (and now officially) involved two types of Committees for each HC. The first (the Feedback Committee, now called the Village Health Support Group) is comprised of HC staff and two elected representatives from each village in the HC catchment. This serves primarily as a channel for two-way communication between the HC and beneficiaries on public health issues, but also elects one man and one woman per Commune to the Health Centre Management Committee (HCMC). The HCMC sets objectives for the annual operational plan; monitors implementation and achievements; introduces and monitors the health finance scheme; and manages the HC budget. Committees have been much rarer, and less successful, in hospitals, although that in the Kompong Thom provincial hospital is reported to work well. *Sources: MoH 2003; MediCam 2000; MoH 2001; n.a. 1999; fieldwork.*

Community participation in primary health care delivery came about through the interaction of top-down and bottom-up policy dynamics. UNICEF invested considerably in building capacity and ownership at Provincial and sub-Provincial levels, with feedback into the MoH. Whilst UNICEF was not always as pivotal as other donors in the development of national health policy (compared to, for example, WHO), links to other policy actors helped build a constituency of interest in and support for the policy at the centre. After two years of experience, UNICEF supported a workshop involving MoH and the Provinces, leading to the first guidelines, which helped to raise the profile of the policy and interest others in replicating the approach used. The linkage to the Health Finance Charter (which mandated community participation in setting fees and exemption principles) was perhaps crucial in raising the issue to the level of national policy. The HFC enabled donors to introduce a principle they valued (community participation) as a practical solution to one aspect of a policy which was a high priority of the MoH (the introduction of user fees). A review of experience with user fees examined (among other aspects) the link to community participation, and concluded positively that “the existence of functional management and feedback committees appears to correlate with increased HC usage, and to improved internal management and morale of staff” (Wilkinson and Holloway 2001: 60). Over time, UNICEF

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strengthened its own direct links into the MoH, notably through the DPHI, with whom they worked on the 2003 policy paper. More cynically, observers attribute the introduction of community participation in part to the fact that it has almost no cost to the central MoH.

It is worth noting that, despite having very little cost, little if any risk, and demonstrable benefits, the process of institutionalising community participation in local health delivery took a decade to move from pilot stages to national policy.

Similar initiatives are spreading at local level in various sectors. Village Forestry Committees (VFCs) have been a longstanding feature of community forest projects set up with INGO assistance. The Forestry Law of xxxx contains provisions on the rights of villagers to set up VFCs to organise and represent community use of the forest. As the community forestry subdecree grinds slowly through the policy process, villagers in Kompong Thom, at least, are already acting on this provision, establishing committees and electing effective VFC chiefs (see Box).

Box 6 Organising resistance and representation in the forestry sector: VFCs in Tumreang Commune

In the forestry sector, Tumreang Commune in Kompong Thom Province has become a byword for developmental disaster. A variety of long-established forestry concessions have existed in an uneasy relationship with the local population (the lowest point being 1996 when, reportedly, a villager attempting to protect resin trees was killed by a security guard). Since 1998 and the consolidation of central control over the award of concessions, the number of forestry concessions in the areas has been reduced, and villagers' access to concession forests has improved. A recent problem has arisen from the award of a land concession to the Chup Rubber Company. Classified officially as an old area of scrub and orchard from the DK era, it represented a locally significant source of non-timber forest products in an area where rice land is extremely scarce, and was perceived as "belonging to the people." The Chup Rubber Company contracted a nearby forestry concession company to clearcut the area to make way for a rubber plantation, prompting significant local anger. In response to the outcry, Prime Minister Hun Sen, attending the inaugural ceremony of the plantation, announced the award of three hectares of the plantation to each family in the area, as compensation for what was lost. There were strings attached: the people would be required to grow rubber trees on the land, and sell the harvested rubber to the Company. Villagers, quite reasonably, saw this as a very poor deal, and successfully resisted the programme of transfer of land to villagers through a boycott organised by Village Forestry Committees (VFCs). Shares in the rubber plantation have only been taken up in villages where great pressure has been exerted by the authorities. Villagers have also complained to the provincial chapter of the human rights NGO ADHOC, to commune and provincial authorities, and have sent representations to the National Assembly. While this action has not succeeded, it demonstrates villagers' views of their own rights and the government's obligations. It is significant, however, that despite these events, and the complicity of the commune chief in them, the commune chief was re-elected in the 2002 elections. The VFC chief in Roteah Village, where the boycott has been the strongest, also suggested that the people might be able to resolve their problems if they could only reach the Prime Minister and inform him of the situation, noting that when Hun Sen attended the opening ceremony of the rubber plantation, the local authorities had prevented "trouble makers" from talking to the PM. Such expectations may be optimistic, but they do place pressure on the system to become more accountable. They suggest strongly that the poor have clear ideas about their rights, and how they should be protected, and are capable of resisting pressure and bribes for the sake of principled opposition, even where this seems fairly hopeless.

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In Tumreang Commune, VFC chiefs were usually established leaders within village politics – the village chief or deputy village chief seemed to be the most likely candidate. While the micropolitics of these committees, in terms of empowering the very poorest, requires further research, it is nevertheless clear that in a commune like Tumreang, in which there are major ongoing disputes between land and forest concessionaires and villagers, the VFCs have taken an active and assertive role.

6.2 Local democracy and voice: Commune / Sangkat Councils

The idea of local elections to Commune / Sangkat (C/S) government was discussed as part of the political settlement at the Paris peace negotiations in 1991, and again after 1993, but then repeatedly delayed until finally held in 2002⁴¹. There is some debate now as to why it was decided that the Commune level should be the focus for the introduction of democratic decentralisation (NDI 2002 p. 5)⁴². The main factor appears to have been a desire to increase the scope for political competition in national elections. The Commune chiefs and other staff in Commune posts in 1992 had all acquired their positions in or subsequent to the creation of the PRK in 1979: as such, they were all to a greater or lesser extent loyal to the CPP. The power-sharing agreement between the two parties in the 1993-8 coalition government provided for political appointments into the local administration down to district level, but not at commune level. There was a perception before, during and after the UNTAC period that the CPP's control of Communes gave them an unfair advantage over other parties in mobilising the vote in national elections. Democratisation of local, C/S government was thus driven largely by the donor perception that it was necessary to ensure genuinely free and fair national elections: it seems likely that the CPP's recognition of this not-very-well-hidden agenda helps to explain their protracted resistance⁴³.

Despite limitations with the system chosen (see Box), the C/S election appeared to be marginally better than previous elections, both in that the level of violence and intimidation appeared to be somewhat lower, and in that there appeared to be a slight shift towards a serious effort by CPP to win votes through cleaning up the local party structure. Reportedly, the CPP took advantage of the election to clear out unpopular commune chiefs, whom, they believed, had lost them votes in the 1998 elections, and replace them with new ones, who would be more popular locally and thus better at mobilising support for the party nationally. However, very little is

⁴¹ A Commune (*khum*) is a collection of villages (*phum*). A *sangkat* is the urban equivalent, conventionally translated as “quarter”.

⁴² GTZ is only the most vocal in arguing that, on technical policy grounds, it might have been better to initiate democratic decentralisation at a higher level (the Province or possibly the District). However, it is likely that concerns with governability and national cohesion would make the Government exceedingly reluctant to formalize devolution of power to Provinces (which already enjoy considerable *de facto* autonomy). One respondent speculated that if granted substantive powers, border Provinces might decide to opt out of Cambodia in pursuit of better prospects as part of Vietnam or Thailand. While extreme, this scenario is not entirely inconceivable (consider for example the SOC/PPP threat to seize control of eastern Cambodia after the 1993 elections; the established pattern of FUNCINPEC using Thailand, territorially and politically, as a refuge; or the semi-autonomous status granted to Pailin). Cambodia as a territorially-integrated polity remains somewhat fragile.

⁴³ The most coherent statement of the Government's objectives for decentralisation are contained in a speech by Sar Kheng to the 2nd National Congress on implementation of the RGC reform programme, reiterated in a national symposium on democracy in May 2001.

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known about public attitudes to, or identification with, political parties in Cambodia, and how this translates into voting decisions.

Box 7 The Commune / Sangkat Council elections of February 2002

In January 2001 the National Assembly passed two laws (the Commune Election Law or CEL and the Commune Administration Law or CAL) which laid out the mechanics of the electoral process and specified the functions of the elected Councils vis-à-vis other levels of government. While the CEL was subsequently reinforced with implementing regulations in June 2001, the Ministry of the Interior and the National Committee for the Support of Commune Councils (NCSC) were still developing the legislation necessary to operationalise the Administration Law when the elections were held on 3rd February 2002.

The CEL mandates election by proportional representation according to party lists (the same system used in national elections), resulting in councils of between five and 11 representatives, depending on population size. Cambodian and donor organisations lobbied hard for an alternative system of direct election of individual candidates, believing that the party list system encourages Councillors to see themselves as accountable to their party rather than their local constituents. Nonetheless, there is a hope that Councillors who need to garner enough votes for their party to ensure their re-election in 2007 will be responsive to the needs of their constituents and active in pursuing local developmental goals.

Election violence and intimidation occurred (the UN listed 15 suspect deaths), but at a level judged by most to be less than in previous, national elections. Vote buying was considerably less widespread than in 1998. The elections yielded Councils with mixed party representation in the overwhelming majority of cases. However, CPP won the most seats (7,703) and as such came to control the Commune chief position in 1,598 Councils (almost 99% of the total 1,621). The SRP made a surprisingly good showing: comparatively speaking, FUNCINPEC did very poorly.

Since the elections, donors have invested considerable time and money in support to develop the capacity of the elected councils, and in strengthening the national-level support structures. C/S Councils have obtained accounts in the Provincial Treasury, funded from the centre (the Phnom Penh government and donors) and available for local investment projects. The other core provision of the CAL – the right of Councils to raise and spend revenue from local taxes – has lagged behind, due to continuing delays on the part of the national government in passing the supporting legislation required to confirm these powers. *Sources: NDI 2002; Biddulph 2001; Batkin 2001; Ayres 2001; Arghiros 2002.*

The elected Councils have been in existence for only one year. However, such is the importance attached to them as part of the process of political reform that it seems essential to discuss early evidence regarding their achievements to date and the prospects for what they might in the future contribute to pro-poor policy-making and implementation⁴⁴.

It appears that donors (realistically) do not expect much from the elected Councils in terms of improved management of public investment or services in the near future (in that the Communes are too small, too numerous and too lacking in capacity too

⁴⁴ DFID and others are supporting long-term, in-depth studies of the evolution of Commune Councils (e.g. Suy and Long 2003). By contrast the authors of this report spent less than four weeks in Cambodia. We are thus cautious about describing and interpreting progress in Commune Councils, and expect subsequent studies to provide much more detail. Nonetheless, we think it is possible to provide some impressionistic sketches and highlight what seem to be some of the opportunities and problems seen to date.

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fulfil an effective representative government function in the near future). The hope is rather that the creation of elected Communes has addressed an existing negative aspect of the Cambodian political structure by unravelling the power of the appointed, SoC era, CPP-affiliated Communes to exploit the local population and retard the development of national democracy. This rationale may not have been fully thought through at the start of the push for Commune Councils, but had been identified (at least by some) by at least as early as 2000.

In the early years of decentralisation councils will have little capacity to play a major role in service provision...both NCSC Workplan No 1 and the Draft Roadmap setting out the key objectives over the First Mandate [i.e. 2002-2007] emphasise the educational and process tasks... - learning what it means to be a councillor; how to run a public administration; manage public money etc... In the short term, therefore, the decentralisation-poverty reduction linkage will be less through councils becoming major service providers than through the less tangible, but potentially much more significant possibilities opened up by a new tier of democratic governance...[by complementing] reform measures from within the bureaucracy with measures which use the democratic process to increase accountability (Batkin 2001 pp. 4-5).

It is undoubtedly true that the Commune Councils face major challenges in realising the hopes invested in them, certainly in their first term. This is in large part because they do indeed have limited capacity. (The encouraging aspect to this is that there is general agreement amongst donor and RGC observers that Communes which have been part of the Seila experience do indeed have greater capacity: local level capacity building is therefore a realistic aspiration, and the Councils can be expected to improve, given time and attention.) One obvious way in which donors and Government can support the evolution of the Councils is by working together to avoid duplicating the structures that are intended to support the Commune Councils: in Kompong Thom, for example, there exist two POLA offices, the first located in the Provincial Hall and the second in the DRD.

As important as local capacity, however, is the fact that Communes are constrained by a regulatory vacuum within which they are assigned general responsibilities without the necessary specific powers⁴⁵. To begin with, the specific exclusion from Commune Council remit (as defined in the Commune Administration Law) of any powers over local forest management acts as a significant barrier to revenue generation (and holistic Commune-level development planning in general). The absence of a sub-decree or *prakas* following up the Commune Administration Law and empowering Councils to raise revenues to fund development activities means that they are still in the position of acting as the implementing agents – albeit with more control over resource allocation priorities – of central Government, using Central government funds. This makes it unlikely that the hoped-for connection between local revenue generation and the development of a greater grassroots demand for transparency and accountability will occur in the near future. In an opinion shared by many, it is felt that Government has “given the Commune Councils the gun, but not the bullets”.

⁴⁵ The one tax-raising power they have been granted is the right to charge fees for registering births, deaths and marriages. In one Commune visited, this had between August and December raised 270,000 riels (c. \$68): clearly inadequate to support any significant activities.

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The reliance of Communes on central funds also encourages Districts and Province practices which continue to treat councils as subordinate parts of the administrative hierarchy: this is seen when the District governor summons Communes to brief him in monthly meetings. The fact that the Communes do reportedly see this as anachronistic and wrong is encouraging, but they have yet to develop the confidence to refuse.

Another concern is that the politicisation of the Councils at too early a stage impedes rather than encourages the emergence of responsive local government. Unsurprisingly, Councillors and Province and central-level RGC staff all reported good cooperation within Councillors of different political parties. NGO staff, however, commented that councils with significant opposition representation are ignored by provincial staff, and are consequently unable to organise any activities. There is justified concern that in the run-up to the national elections councillors will prioritise working to get the vote out for their party, rather than working together on local development planning. Both functions should be part of the remit of Councillors: but the latter is less well established, and early entanglement in national elections may mean that it does not have the chance to develop. Many still argue that it would have been better to hold Commune Council elections after the national elections, rather than have them diverted by national party political concerns less than two years into their life, when they are still finding their feet.

Perhaps inevitably, there is still a tendency for Commune Councils to see “development”, and their role in these terms, as securing and managing capital investment. There is, for many good reasons, little indication that they see or are seen by others to have responsibility (even shared responsibility) for recurrent funding or routine management of government services. This raises the question of how they and others see the relationship between the elected Commune Council – which should serve as a general-purpose representative body with responsibility for inter-sectoral development planning – and sector-specific representative institutions (e.g. Health Centre committees, village forestry committees) which have been created - in a somewhat *ad hoc* manner - at the interface of community and local state, and are designed to achieve beneficiary participation in resource management and service delivery.

A modest but encouraging precedent was established recently with the publication in March 2003 of the MoH policy paper on community participation in health facility management. This stipulates that “a representative of the Commune Council should be chairperson of the [Health Centre Management Committee]”⁴⁶. There is also the implication that the Commune Council has responsibility for participatory health management and planning in the stipulation that if health committee members are to be reimbursed for travel to meetings, the funds should be provided by the Commune Council (MoH 2003 pp. 7)⁴⁷.

⁴⁶ along with Health Centre staff and representatives elected from amongst the Village Health Support Group, who are themselves elected from the villages in the HC catchment area. If the HC catchment covers two or more Communes, one representative should be nominated from each of the Commune Councils concerned.

⁴⁷ Position on the health committees is essentially on volunteer terms: apart from payment for travel expenses, members are entitled to free treatment, but are not paid for their time.

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6.3 NGOs as channels of communication and accountability

The lack of policy-oriented debate between mid-level technical officers and senior political appointments described in Chapter 4 is mirrored by a lack of policy-oriented debate between officials and citizens. This is an area in which there has been intensive effort over the course of the 1990s, to establish non-governmental organisations which can act as partners to government in developing and debating policy.

The record here has been mixed. Channels have been established to institutionalise consultation with mixed groups of INGOs, donors and NGOs over draft laws and subdecrees. The current Community Forestry Subdecree is an example. However, such consultation does not always lead to effective production of policy. Where policies are strongly urged by donors, but challenge vested interests in government, a common ploy is to allow legislation to languish in consultation for years. Those involved make three major points. First, long and intensive efforts within various consultation forums to come up with adequate drafts of legislation can be derailed when the legislation is forwarded to higher echelons of the state, which make radical amendments. In the case of the Community Forestry Subdecree, a draft that had been arrived at in a participatory manner was forwarded for approval to the Ministry of Agriculture, Forestry and Fisheries, but at this point was radically changed, undoing the work of the consultation process and producing a new draft that was unacceptable to NGOs. One INGO member commented that MAFF operated “like a black box”: the participatory and transparent mechanisms established lower down the chain were challenged by obscure processes and vested interests further up. Although the consultative body was given another chance to address the amendments, this process has the potential to continue endlessly, raising fears that the government has no intention of passing the subdecree, but is dissipating the energies of campaigners through a cosmetic process of legislative activity.

Second, local NGOs routinely report that without ongoing international backing, their place at the table would be forfeit. This is important in that it determines that consultation locally is dependent upon international pressure on the government, and recognition of the government’s most appropriate interlocutors. NGOs that have been successful in attracting international funding and protection are empowered vis-à-vis the government; but those who have not been so successful, regardless of their following at home, are prevented from engagement. This skews the NGO sector towards the large, professional and well-established NGOs, and excludes smaller, perhaps more radical and/or representative organisations or movements from having influence.

This implicit division is made explicit by government attitudes. Processes of consultation are tightly controlled, specifically to exclude any organisation that the government regards as “extremist.” Selected “responsible” NGOs are chosen as government interlocutors, and others designated “irresponsible” and denied access to the policy process. An example of the latter has occurred within the forestry sector. From 1998, the increasing tendency, under intense pressure from donors, to include social provisions in forestry legislation, has awarded what one INGO worker called “handholds for the poor”. The establishment, with support from NGO Forum, of a Forestry Network of local NGOs closely linked to villagers living and working in forest areas, and designed to enable such villagers to lobby for the fulfilment of social

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clauses in the legislation, has apparently been viewed as an intense threat by the Department of Forestry and Wildlife. DFW Director Ty Sokhun commented,

“The most serious thing is that sometimes NGOs try to encourage people. Some are good and some are bad – some are negative, for example, we got information from the field, our foresters said NGOs gave the incorrect message to local people, told them that the new Forestry Law says that all forests belong to the community. So the people ask, why are we allowing outsiders to harvest timber? Why don't we keep the timber for them to harvest themselves to make more money? But this is not real according to the Constitution – all natural resources belong to the nation as state property, not as the property of the local community.”

Sokhun acknowledged that the law recognises the traditional use of forests by the people, but argued that that was different from commercial harvesting, and claimed that misinformation on this point by NGOs had encouraged villagers to sell buffalo in order to buy chainsaws. He commented that behind the misinformation were “extremist groups – some Cambodian, some international. They have established a network.” He differentiated these extremists from “some good NGOs, like Concern Worldwide – they are real NGOs with professional expertise in natural resource management.” It is significant that in making this judgement, Sokhun differentiates between NGOs offering technical support and NGOs attempting to mobilise political input into the policy process.

Direct action by the Forestry Network took place in December 2002, and was met with aggressive policing, in line with a reluctance on the part of officials to accept input into policy-making from *ad hoc* groups of villagers, rather than formalized and accredited NGOs. Villagers and NGO activists gathered outside the DFW to request an opportunity to invite Departmental officials to a workshop, to discuss the Environmental and Social Impact Assessments and Sustainable Forestry Management Plans recently submitted to the Department by forest concessionaires, under the terms of the Subdecree on Forest Concession Management. DFW officials refused to accept the villagers' invitation, or to explain their rejection of it, leading to a brief protest outside the Department that ended with the forcible break-up of the crowd by police with electric batons. One protestor was rumoured to have died of a heart attack as a result, although this has not been clarified.

At the same time, the land sector offers equivocal evidence of some government response to protest. Land has been a fraught issue in Cambodian politics since reforms began in 1989. Complaints relating to land disputes were the biggest single category of complaints received by UNTAC's Human Rights Component between 1991 and 1993, and continued to dominate the business of the National Assembly Committee for Human Rights and the Reception of Complaints into the mid 1990s. Similarly, human rights NGOs in the mid-1990s reported that land disputes were the major form of dispute referred to them. From 1997, land issues took on a newly political dimensions as protests over expropriation began to occur, taking the form of camps of protestors in parks in front of the palace or the National Assembly building in Phnom Penh.

The increased visibility of the issue prompted by these strategies led NGOs, led by Oxfam GB, to conduct detailed research into the land issue. Their findings were dramatic, suggesting a pattern of land loss on the part of the poor, caused primarily

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by a lack of access to affordable healthcare, and a lack of access to institutions that could confer and defend legal titles to land. Since the Oxfam survey, lobbying on the issue by victims of expropriation, human rights activists, and opposition politicians has intensified. This led to donor concern, and the launch of a major project to transform the corrupt and onerous land registration system, which attempted to promote the rights of the poor (see Box).

Box 8 Obstacles to access by the poor: the case of systematic land registration

Under the 1989 reforms, individuals only have a right to the land they use if they register it. The complexity of registration (see Fig. 1) led to many of the poor losing the opportunity to gain these rights. A 2002 CDRI study was highly critical of this process, estimating the cost to obtain a proper land certificate at up to US\$400, mostly in the form of unofficial payments. Consequently, only individuals with money and access to government were able to register successfully. As the registration system offered no process for resolving disputes, many claims became bogged down in the system, and were never resolved. By 2000, only 12% of applications lodged since 1989 had resulted in the issue of a certificate of title.

The CDRI study noted a significant deterioration in the land situation as a result during the 1990s. Whereas in 1989 it was “widely believed that there was a fair distribution of both agricultural and residential land”, by the end of the 1990s there were five major problems, including inequalities in land holdings, increasing landlessness, insecure tenancy, land conflicts, and encroachment on urban land by squatters.

A donor project to address the issue of land registration through systematic registration has been launched, supported by the World Bank, ADB, GTZ, and Finnmap. This approach creates a new parallel structure for the registration of land, with cadastral commissions at district, provincial and national level empowered to rule on disputes and closely supervised to prevent corruption. This it is hoped will be significantly more accessible to the poor than the court system and appears, on the face of it, to represent a policy response to discontent within society. With extensive donor input, the project reflects current thinking about best practice, in working through the Ministry of Land Management, Urban Planning and Construction, and in working patiently to ensure commitment and ownership at the highest levels. Nevertheless, there are important criticisms. First, the acquiescence of government to the policy may reflect a desire to consolidate and legitimise land-grabbing that has already taken place, in the light of increasing popular protest. It may serve to speed up land expropriation during implementation - one advisor commented, “by the time you’ve finished two villages, the rest of the province is gone”.

These concerns were exacerbated by a decision, taken during the fieldwork period, to interpret the powers of the cadastral commissions as not applicable to disputes in cases in which certificates had been issued. This is a significant limitation, as it prevents re-examination of cases in which certificates have been acquired through corruption or forgery, both relatively easy for the rich. Thus the decision effectively ruled out of the jurisdiction of the cadastral commission cases in which a land dispute arises between rich and poor.

The policy has also been criticised for assuming an assertive and literate population. The cadastral commissions, though less intimidating than courtrooms, can only be accessed through the submission of written complaints that accord with a required format spelt out in written regulations. Access to them thus requires literacy and a familiarity, and willingness to engage, with bureaucracy; this excludes many of the poor. The human rights NGO ADHOC claimed that already, during the pilot period of the project in Sihanoukville, some families had been turned away from the cadastral commission for failing to submit the proper paperwork to support their claim. *Source: So et al 2001*

The picture of state-society relations is one of generalized distrust tempered by occasional outbursts of populism, the latter frequently associated with elections. The espousal of a technologically oriented view of development, on the part of

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Cambodian government officials, and their preference for professional NGOs comprised of foreign technocrats over local campaigning NGOs comprised of Cambodian villagers, suggests a preference for reducing participation overall, except when necessary to raise popularity.

To the extent that reform is implemented within the forestry sector, it tends to take the form of a relinquishing of responsibilities by officials, devolved either to donors or to “the people,” rather than an extension of planned government activity. This trend is in line with the view proclaimed by government officials of severe paralysis within the state, prompted by factors far beyond their control. It ignores the fact that enhancing state-society relations, by reducing the steep inequalities of power between officials and locals, might improve both the quality of civilian input and the power resources available to officials in lobbying for reform. Enhancing the quality of state-society relations at the expense of relations within the state and, in particular, between the highest levels of the government and the military, is arguably the central question for pro-poor reform in Cambodia.

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7 Opportunities and recommendations

The prospects for pro-poor policy-making in Cambodia, as described in the previous chapters, are not particularly good. With both a weak state and a weak civil society, Cambodia relies heavily upon informal, patronage-based networks for the definition and pursuit of collective goals. The largest and most effective of these networks are embedded in the structures of the CPP: but the identity and interests of the CPP itself are not stable, and there are numerous other nodes of power (the military, large commercial interests) with which different interests within the CPP must sometimes cooperate and sometimes compete. The symptoms of this weakly institutionalised political system can be summarised as a lack of transparency about how and why decisions are made, the irrelevance of formal mechanisms of accountability, a neglect of state functions that do not offer opportunities for rent-seeking, and a distortion to private ends of those public functions which do offer opportunities for the generation and capture of wealth. There is a pronounced short-termism to political behaviour, with actors at all levels seeking to extract as much as possible in anticipation of the system – or their place in it – ending. Paradoxically, this makes the eventual collapse of the system – certainly in terms of the country's natural resource base – more likely and more imminent.

The following pages identify a number of opportunities to increase the pro-poor content of policy (where policy is taken to mean not only policy on paper but policy in practice), and suggests ways in which an external partner such as DFID might seek to make the most of these opportunities. Suggestions range from the relatively specific to the highly general: it is not possible here to develop detailed policy proposals for DFID's work. A number of the more unconventional and speculative suggestions entail entering into dialogue with parts of the system that donors have hitherto been reluctant to engage, in order to change the balance of power between centre and periphery, state and society, civilian and military. Redefinition of the role of donors as political actors, and a greater appreciation of the role of incentive structures in promoting change, offers a wider range of options for donors, in terms of intervening more effectively into the state system. Appeals to the interests of actors in the periphery of the state system, in offering them alternatives to rent-seeking in the forms of income generation and prestige, might go some way to harness energies hitherto used to pursue exploitation to the service of reform.

7.1 Current and medium-term opportunities and actions

A second-generation of interventions in support to civil society

Civil society is becoming more organised and more assertive. This is seen most clearly in protests by garment workers and the landless. More intangibly, after a decade of sustained promotion of local-level participation in decision-making - albeit sometimes rather poorly thought-out and carelessly implemented - citizens have started to become accustomed to the idea that they deserve more from government, and that they can and should interact with local government over service provision. Experience in and of general-purpose representative decision-making bodies such as VDCs, CDCs and now Commune Councils, or participation in a plethora of sector- or issue-specific local elected bodies (e.g. Forest Management Committees or Health

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Centre Management Committees), has encouraged Cambodians to start to believe that decision-makers can and should consult and be held accountable. This shift in values is highly intangible and still very fragile, but very important. Government policy-makers should worry about citizens becoming more “contentious”.

The implications for donors are not obvious. On the one hand, encouraging government officials to take popular concerns seriously is fundamental, and this might only be achieved if they can also be prepared to perceive disincentives to unpopular actions. On the other, RGC officials already appear to see the population in general and the poor in particular as ill-disciplined, illiterate masses, and use this perception to justify their inability to govern (as when deforestation is blamed upon villagers). While there is undoubtedly an element of strategic exaggeration (it is easier to exclude the poor from forests than it is to address the problems of concession management), there is also a degree to which the perception is genuinely held. Encouraging Government figures in their fear of the mob risks encouraging them to continue to blame policy failure on society rather than the state⁴⁸.

There may be room for improving and making more effective the relationship between professional, donor- and INGO-supported NGOs on the one hand, and the more broad-based, more unruly NGOs or social movements on the other. As described above, the RGC appears intermittently willing to accept the former as legitimate partners in the policy process, but not the latter. To a certain extent the professional NGOs collude in this.

Drawing the more contentious civil society organisations into the policy frame is a tricky process. Firstly, it takes donors directly into the realm of domestic politics in a way that some donor staff (or in the case of bilaterals their colleagues in the diplomatic service) may not find comfortable, especially if the movements in question become closely associated with the political platform of a particular, opposition party (the SRP in the case of the labour movement). It is also possible that too much donor attention to broad-based social movements might easily destroy exactly those properties which makes them attractive in the first place (i.e. their ability to articulate a grassroots Khmer rather than donor / international discourse). It will be necessary to strike the right balance between supporting their development (by providing some degree of political cover, and by expanding their base of knowledge and ideas and possibly international networking and learning opportunities) and neutralising them (as arguably occurred when the radicalism of the union movement was somewhat prematurely muted through professional support from international partners).

It is important to be realistic about what can be achieved with a more assertive civil society, and the political risks involved in a donor associating itself with these movements. To summarise the experience of the last five years, civil society has become more able and willing to articulate collective demands, but this has not yet been matched by increased willingness of the Government to respond to these

⁴⁸ To tackle this, every opportunity should be taken to take policy-makers out of Phnom Penh and into contact with the poor (and citizens more generally). Deeply held (and strategically useful) views that the poor lack ideas and capacity will not easily be changed, but the demonstration effect is extremely important. If enough senior figures can be convinced of the possibility and benefits of the state working in cooperation with the intended beneficiaries, it may help to undermine entrenched opposition to certain key reforms.

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demands. The way in which the protests outside the DFW were broken up is one example. In the short to medium term it is more likely than not that increased activism will be met with increased repression, with a good chance of injuries and deaths, rather than increased inclusion.

It is also hard for a donor to adopt an unambiguous position on labour issues. Cambodian labour is already seen as relatively expensive in comparison to other countries in the region, and there are serious worries about the contraction of the garment industry with the loss of trade privileges over the coming years⁴⁹. To support movements for a major increase in wages which further reduces the competitiveness of a sector which employs tens of thousands may not make sense in any long-term developmental analysis. At the same time, the garment labour movement remains in many ways the most intriguing phenomena in contemporary Cambodian politics, and merits donor engagement.

In the long term, it will be important to ensure that different groups amongst the Cambodian poor are equally able to articulate their concerns. The growth of an assertive civil society, both in the non-confrontational forum of daily interaction in facility user committees and in the confrontational forum of public protest, is likely to be fastest in those areas in which donors and NGOs have been most active in promoting community development. By and large, these areas have been those closer to towns and roads. Those in remote areas have benefited less from exposure to community organisation models, and are often more easily dominated by village chiefs and others in local government. Should the interests of the poor in remote areas might diverge from the interests of the poor in more accessible areas, this will become an issue. This is a consideration that can be left to a later date: in the medium-term, effort should be made to encourage a healthy plurality of social movements and all such movements should be encouraged unless there is a clear reason not to (e.g. if they are premised upon an aggressive ethnic exclusivity).

Supporting political decentralisation and deconcentration

The creation of elected Commune Councils is potentially one of the most important recent developments. In the short term, the most significant benefits have probably been through the way in which the CPP perceived both the threat and the opportunity in local democracy, and acted accordingly to clean up the party in order that gains in Commune elections might feed back into gains in future national elections. The direct gains – an empowered local government more responsive to popular concerns – will take longer to develop. For at least a year more, and possibly several years after that, Commune Councils will continue to have little if any practical impact upon poverty reduction. Encouragingly, the fact that Communes previously involved in the Seila experiment *do* show more capacity suggests that there is a proven model of capacity-building which can be expected over time to lead to improved Commune Councils.

⁴⁹ Of course, labour costs are only part of the equation that determines the competitiveness of Cambodian industry. Political and social stability and the transaction costs of doing business in a corrupt environment are major considerations for investors, especially long-term investors: Cambodia's weaknesses in these respects is, like much else, ultimately up to those in government.

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As they grow in ability and confidence, Commune Councils should be encouraged to become involved in the routines of public action for development – managing the recurrent costs and staff practices of schools and health facilities, making agricultural extension more demand-oriented, and so on – as well as securing funding for and managing the implementation of episodic investment projects. A high level of aid dependency has for too long encouraged all levels of government to focus upon new investment rather than effectively managing what they have. The result has been a tendency (on the part of both government and society) to perceive development and government's role in development as synonymous with infrastructure (schools, wells, roads and health centres). Such a perception and the practices that contribute to it not only result in numerous inefficiencies in public expenditure management, but also reinforces the patronage model of politics, in which tangible “things” are disbursed somewhat arbitrarily as gifts without regard to policies, priorities or budgets, and while leaving teachers and health staff to reach their own solutions to the salary problem. To encourage officials and the population alike to think in a more long-term manner about what is needed and how this can be achieved with available resources helps to promote a more evidence-based and sustainable model of the state in the development process. If Commune Councils become accountable to the local electorate for problems arising from systemic problems such as low pay, late and inadequate budget releases or land appropriation, they can be expected to exert pressure up through the state (and, more importantly, party) hierarchy in support of reform. Commune Councils should thus be assisted to become involved in health facility management committees, and to engage with groups (such as VFCs) involved in community management of natural resources.

Separating party and state

The Cambodian political system combines aspects of centralisation and decentralisation in a paradoxical manner. The state is hierarchical but highly decentralised, and the centre is forced to permit significant discretion of action by officials at all levels. By contrast, the Party is much more democratic, even while it is subject to much greater discipline and central control. While state and Party are intertwined, the Party can deliver central objectives at times of crisis (eg. elections), while the state represents the public face of the system, conducting relations with outsiders and offering resources that can be used in the pursuit of rent. The Party thus props up the state by providing executive capacity when it matters.

The attempt to find pressure points at which state and Party can be prised apart has been a preoccupation of donors over the course of the 1990s, and it is made difficult by the fact that donors are reluctant to engage with the Party itself. Promotion of democratisation throughout the system is one strategy that can be used: the commune elections of 2002 represent one example of an initiative that inserts the state as a wedge in relations between Party and society, and thus reduces the intertwining of party and state. Although at present the commune councils remain uncertain in their roles, promoting their ability to operate independently of higher levels of government is extremely important in terms of relaxing the hold of the Party over local government. In particular, the ability of commune councils led by parties other than the CPP to make and implement policies will be a crucial test of the ability to separate state and party at this level. Insistence that provincial and district authorities engage on equal terms with CPP and non-CPP commune councils and councillors would encourage the state to operate as a state, rather than as a matrix of political networks largely organised by the Party.

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Equally, efforts to engage with the party as well as with the state internationally could encourage a separation of state and party at national level. Efforts by donors to engage in ongoing discussions within the Party could permit the Party's internal debate to spill over into a broader arena. The more the Party becomes engaged in dialogue with other parties and with international partners, the greater the possibility for the Party to establish its identity as a genuine representative of the people, and a legitimate member of political society. This could encourage a relaxation of the hold over the state, as the Party becomes more confident of its place as a political player.

If democratic tendencies within the Party could be strengthened with international support, this could promote internal accountability over, for example, revenues from rent-seeking, particularly in arenas such as logging. Donor projects to reform the Party would be long term, politically risky and highly sensitive. The format of engagements would need to be carefully considered: on the one hand, some reward would need to be offered to the Party in return for engagement; on the other hand, it would be important to avoid awarding the Party a propaganda coup, or, through the provision of additional resources, the capacity to further strengthen its hold. The involvement of other political parties, and the routing of such engagement through INGOs might be a possibility. The great benefit of this strategy would be that a normalisation of relations between the Party and the outside world would strengthen and expand some of the most democratic institutions in Cambodia, empower the more reformist elements, and reduce the ability of Party leaders to use siege mentality as a justification for maintaining a stranglehold on state institutions.

Addressing civil-military relations

The connection between the Office of the Prime Minister and the highest echelons of the military has been highlighted as a decisive determinant of the system. The current demobilization project aimed at the military is an attempt to weaken this connection. However, this project is problematic precisely because it attacks vested interests head-on, to the benefit of neither the Prime Minister nor the military.

An alternative strategy is to attempt to engage the military itself, and to promote social responsibility among the senior ranks. Development programmes focused on soldiers would offer one means of doing so. At present, the Cambodian jungle hosts a variety of army units, who live off the land and local communities. Such army units are frequently the responsibility of senior commanders, who, in view of the paltry salaries and resources made available to these, use a variety of rent-seeking activities, including claiming salaries for ghost soldiers, logging, smuggling and terrorisation of local people, to provide for their troops. These soldiers are, it is widely agreed, not needed for the protection of the country.

Development projects aimed not at demobilizing soldiers, but at transforming them into useful and productive members of the community would forge a more productive relationship between military and civilians at the local level, would provide material welfare for troops, and prestige for commanders. The integration of locally deployed soldiers into local development planning would bring the military back into the fold and harness their resources to the benefit of the community. Over time, as development projects took off, standards of living rose, and units became economically independent of the Ministry of Defense, it might be possible to demobilize in situ.

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Such a strategy brings donors into collaboration with elements of the state who are often seen as implacable enemies of social and political progress, and also risks drawing these more closely into the lives of local people. However, by awarding local benefits to local commanders, concessions can be demanded: disbursement of development funds to projects for soldiers can be made subject to improvement on human rights records locally, for example. Furthermore, disbursement of such funds could be made conditional on a concomitant reduction in the central budget. Such a strategy would harness the weaknesses of the military – its poor record in disbursing the huge proportion of the budget received to individual soldiers on the ground; the patrimonial relations between commanders and soldiers which work against professionalisation and demobilisation – to the interests of donors in slimming down the force, reintegrating soldiers into the community, and encourage a national rather than a narrowly institutional or factional perspective on the part of commanders.

Tackling lack of innovation or initiative within the system

At present, there are few incentives for lower levels of government to be proactive in seeking solutions to problems, and few resources available should they have the incentive. Providing an incentive structure that recognises and encourages the potential for provincial officials to implement their own ideas, rather than waiting from instructions from above, could help to overcome the passivity of government and slowly erode the ties of dependency and patronage. This, arguably, is what was achieved in the health sector with the formalisation of user fees or, from another but complementary angle, with contracting. Although there were other aspects to these reforms, they both at one level represented an effort to formalise and regulate the self-resourcing practices of the local state machinery. In doing so they loosened the ties of patrimonial rent-seeking, in which a cut of informal fees would be passed upwards, creating incentives for all levels of government to collude in resisting pro-poor changes (such as exempting the poor)⁵⁰.

In the long term, of course, a decline in rent-seeking, and more commitment to fulfilling job functions, can only be significantly improved through increases in public sector salaries. In the meantime, however, targeting lower levels of government with incentives - for example, prizes for innovative projects, or partnerships in profit-making development initiatives with local businesses or community associations - might encourage risk-taking and initiative on the part of provincial governors and technical officers in provincial departments. In the Cambodian context, efforts to turn entrepreneurship away from rent-seeking and towards production and innovation would represent a step forward. An obvious candidate for these micro-scale public-private arrangements might be the pharmaceutical sector. Box 9 provides a rough example of the kind of institutional arrangements that could be piloted in an effort to combine incentives and regulation in the interests of more professional medical practice.

⁵⁰ The community forestry sector also contains examples of small-scale attempts to formalise the division of resources between local officials and the community: unlike in health, however, these have not been picked up and encouraged by national policy-makers.

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Box 9 Formalising and regulating incentives: ideas for the pharmacy sector

Previous efforts to regulate private sector drug-sellers (as for example through an “approved provider” scheme in Phnom Penh) have met with very little support, a move which expatriate observers in the sector attribute to a “union solidarity” in a context in which there was perceived to be some risk and little incentive to embrace improvement. (Essentially, all providers feared they might at some point end up on the “wrong”, non-approved list, and so felt it safer to unite in opposing it from the outset.) Efforts to improve the quality of private-sector prescribing will therefore need to offer more direct and significant incentives than merely the provision of an approved provider kitemark (which on its own is, anyway, likely to have rather limited effect on the drug-purchasing habits of the public); and, as with user fee exemptions and contracting, it would be necessary to employ an independent body – probably an NGO – to approve providers and monitor the scheme for abuses. The incentive will probably have to include both a significant initial reward, and an ongoing incentive to comply. The first could be achieved if approved providers were to receive from the MoH a grant that was to make it attractive to join the scheme, in return for which they adopted certain minimum standards (which they would be helped through training to meet, and which would be subject to random inspection). The second - a regular income from continuing compliance with the scheme’s standards – might be achieved through the prescription system. When government clinics and hospitals prescribe drugs that they themselves do not dispense at the facility, they would give patients a prescription which serves as a voucher for a discount (say 500 riel) off the price of the drugs: in other words, the patient should be able to receive the drugs for an out-of-pocket cost that is 500 riel less at an approved provider than at any other provider, creating an incentive for them to seek out such a provider., and giving the approved providers a competitive advantage over non-approved providers. The provider would send the collected prescription form / voucher to the monitoring body, in return for which they would be repaid an amount equal to the discount value of the voucher plus an increment (so, for example, in the example given the reimbursement to the approved pharmacy might be 1000 riel). The approved provider would thus get a *regulated* margin on all drugs sold on prescription, in return for which the MoH could require reductions in over- and mis-prescribing, subject to monitoring.

The many public sector health staff who have a second job as private sector pharmacists (combining the functions of diagnosis and dispensing) would be exposed to the scheme, recognise its potential benefits, and seek to raise the standards in their pharmacies in order to qualify. The drawback to this is obviously that there is a difficulty separating agent and principal – i.e., there is an obvious incentive for doctors to write unnecessary prescriptions which could be provided – with profit – through their own pharmacies. It is hard to think of a watertight way around this. However, they will in practice already be doing this, so at worst the introduction of the scheme should – if the margins are set appropriately – neither increase or decrease the incentive to over-prescribe; and at best might actually, by making the links between diagnosis and drug supply formal and transparent, create opportunities to offset the temptation to over-prescribe. At present, a doctor will simply tell a patient to come to their private practice to buy drugs: prescriptions redeemable through the scheme will however be non-specific i.e. the patient will be able to use them at any approved provider which, given the number of private drug outlets, should reduce the likelihood that over-prescribing without overt direction to the doctor’s own pharmacy will necessarily result in a return to the prescribing doctor. The amount and kinds of prescriptions written by individual doctors would be monitored and benchmarked by the NGO, which would review a random sample of cases to check that prescription matched diagnosis which matched symptoms; both contracting arrangements *and* the approved provider scheme would include penalties should doctors be found to be abusing the system (for example, by directing patients to their own pharmacies). Each doctor’s set of prescriptions would be monitored to see if he or she favoured a particular clinic, in which case this would be reviewed.

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Promotion of greater opportunities for popular participation in debate

The major problem with state-society relations in Cambodia is arguably the inability of ordinary people to speak out, individually, when faced with a high-handed or abusive official. This inability is embedded in history and culture, although the waves of protest buffeting Phnom Penh in recent years suggest that it does not reflect a lack of something to say. The promotion of electoral democracy has been limited in addressing this issue, because of great emphasis on the secrecy of the ballot. Similarly, officials have been reluctant to be held answerable to Parliament. Monopoly control by the CPP over television and radio has entailed that there is no forum here, either, in which officials can be grilled by members of the public. Even televised election debates have been difficult to get off the ground.

Resurrecting the National Congress as envisaged in the Constitution might represent one way of tackling this issue. Imbued with a customary legitimacy, National Congresses offer a time-honoured means of confronting officials with public grievances. In the past they have been significantly stage-managed, but nevertheless, the resurrection of the form of the institution may encourage the public to take advantage of it to express their own views, just as the public has in significant numbers taken advantage of free elections to vote against the government, and has taken advantage of the opening of public spaces in the capital city to demonstrate against government policies.

Sponsorship of forums for commune councillors to meet with central government might also offer an opportunity to bypass state hierarchies in the interests of political debate and accountability. Commune councillors could be given opportunities to take complaints from their constituents directly to the highest echelons of government. This would probably have to take place behind closed doors, as this kind of accountability would be highly sensitive and resisted by the government, were it to be publicly accessible. But donor monitoring of these could provide a measure of protection for commune councillors, taking advantage of the situation to raise criticism of the government. Given that government signed up to commune elections as a means to shake out unpopular commune chiefs, they may perceive an interest in monitoring commune political activity through such forums, and may be particularly keen to get feedback from opposition commune councillors. The central government perceives the commune level as *the* key level of governance in terms of elections; consequently, channels for gaining information direct from this source could be formalised in return for a measure of accountability.

Putting the donor house in order

Chapter 2 suggests that while the explosion in ODA financing from the early 1990s did not create the neopatrimonial, network-based politics that currently threaten to subsume state functions (because economic liberalisation in combination with weak PRK institutions had already set this process in motion), it certainly contributed to its evolution. It is clear also that international pressure for the introduction of the forms of democracy – notably regular multiparty national elections – actually did little to tackle the nature of political competition or the prospects for such competition to serve the majority interest. Rival armies were transformed into rival parties in form but not psychology; and, once a tacit agreement to share rent broke down, the parties soon reacquired many of the forms of military rivals, with separate CPP and FUNCINPEC police and military units. The experience of security sector

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reform also suggests that donors have sometimes been naïve about how to create good – or better – governance in a society that still qualifies, in many respects, as “post-conflict”: some donors invested heavily in such efforts but only succeeded in creating a better trained and better equipped gendarmerie which was better able to engage in drug trafficking and other criminal activities.

There is evidence that taken collectively donors are becoming less politically naïve about the potential consequences of their interventions. There has also been considerable progress with different approaches to aid delivery – the development of coordination in general and specific innovations such as sector-wide approaches and support for MTEFs in particular – which can reasonably be expected to scale-up the impact of aid, contributing to the development of core government capacities and incentive systems rather than being content to create unsustainable project-based islands of sub-sectoral or geographical success. CG meetings have become more strategic, and through innovations such as bench-marking have attempted to introduce high-level incentives for improved government performance. These efforts may well fail due to the perverse effects of a fundamentally short-termist perspective upon the part of political leaders and their networks: the rents from logging quite simply outweigh those which could be skimmed from the aid which might be withheld⁵¹. but they do at least represent a greater sophistication in donor thinking and an effort to lead government thinking towards at least a medium-term outlook.

However, there is still room for much improvement. Even in a sector perceived as relatively successful (such as health), established government-led coordination mechanisms are subject to rapid decline if effective individuals in key positions are replaced by less effective individuals; small vested interests can impede the passage of implementing legislation; and major donors who think broadly alike continue to struggle with intractable problems of working together and encouraging reform without creating dependency and undermining ownership. The struggle to get the Health Sector Strategic Plan completed (or even to get it started in the first place) is illustrative of the barriers that impede sector policy development. Donors remain fundamentally unsure about whether strategic policy commitments such as the HSSP, or at a national level the NPRS, do indeed represent milestone achievements in the evolution of a long term Government vision of development; or if they merely represent another instance of a few select capable individuals in Government re-articulating a donor vision transmitted through international TA.

There are a few, well-known arguments about things which donors do which are clearly *not* helpful. Fighting over turf or writing government strategy for them (charges levelled at both the SEDP II and NPRS processes at various points) are clearly malign. Failing to contribute fully to government policy development because of differing donor preferences (e.g. for working with Provincial rather than central levels) and using the wrong kind of TA in the wrong kind of ways are easier to understand, but also seriously reduce the potential for aid to improve government capacity and incentive structures. While the quality of aid to Cambodia is probably improving, progress is uneven, uncertain and subject to periodic reversal.

⁵¹ Those asked for their opinion on the bench-marking approach by and large thought that it was too early to judge the prospects for success – although several were not optimistic.

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7.2 Long-term drivers for change

Structural changes in the political process

There are a number of discrete, technical aspects to the Cambodian political system which at best enable and at worst encourage the subordination of collective, developmental policy objectives to personal and factional interest. These include the use of the party list system in elections, which severely weakens the ties of accountability between elected representatives and their constituents.

It is very unlikely that donors or domestic actors such as NGOs will be able to reform these arrangements any time in the foreseeable future (Arghiros 2002). This issue is simply flagged up as an area in which if a relatively simple change was made it would have a significant effect. As such, any indication that such a change might be achieved – however unlikely that might be – should be enthusiastically pursued.

Encouraging long-termism

The current state system is organised around short-term imperatives of survival in a hostile environment. Such perceived imperatives prompt an atmosphere of continual crisis within party and state. Lack of opportunities for individuals to use initiative and build legacies within government also prevent the fostering of long term vision. However, short termism also implies that opportunities to consolidate gains are missed, and that potentially more serious crises build up for the future.

Provision of information through funding of research into long term trends and forecasting, and dissemination of the results in Khmer language, on paper and through videos and radio programmes, can help to foster long term thinking. To the extent that results are widely disseminated they can encourage greater debate within party and state. These kinds of information are sorely lacking in Khmer – CDRI has provided some important economic studies in Khmer, but these are rarely attached specifically to findings regarding voting patterns, public opinion, measures of social disaffection, and environmental impact.

Helping grassroots civil society acquire information and organisation

Over the long term, increasing literacy and education more generally will also start to shift the balance of power between state and society at a variety of levels. Education will help to alter the micro-political dynamics of interaction between the poor and bottom-level state employees; and for that matter between the poor and political parties.

Support should also be provided to promote the development of *grassroots* civil society and its potential to exert pressure from below for better service delivery. This is however a very long-term strategy, and requires realism, subtlety and the ability to act flexibly through a variety of channels to deploy a range of complementary interventions. Donors and INGOs should not presume the existence of community. If community structures (e.g. VDCs) are created, they must be given resources and training to provide them with a purpose: creating structures without functions is at best wasteful, at worst counterproductive. With limited state resources, voluntarism will have to be relied upon some of the time: but much can be done with the intelligent manipulation of incentives to engage

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beneficiary participation without distorting government practice. An example would be giving HCMC members the right to fee-exempt health treatment: this is unlikely to lead them to use services unnecessarily, but *is* likely to foster their interest in the improvement of Health Centre services.

Undercutting the basis for patronage in public sector employment: salaries and personnel management

The Cambodian state is ineffective in large part because the incentives and sanctions of the formal system are far less effective than those available through informal networks. Providing adequate and reliable salaries offers the opportunity to break this cycle. The problem is of course that i) the state does not have the resources with which to pay adequate salaries; ii) the move to a salaried professional civil service threatens the basis for a neo-patrimonial, essentially neo-feudal system of political management (in that adequately paid officials will be less beholden to senior figures whose power derives from their ability to disburse resources, or at least protect (for a cut) the unofficial resource-generating activities of lower levels); and iii) it is a gamble – without effective complementary actions, it cannot be assumed that increased salaries will persuade people to give up their existing sources of income. If salary reform results in the creation of well-salaried corrupt officials in the place of poorly-paid corrupt officials, little will have been gained. The introduction of a living wage thus has to be matched with the phasing in of effective disciplinary measures. The official power to hire and fire, promote and demote needs to be transferred from the centre to the appropriate level of the appropriate Ministry; and additional supervisory bodies need to be empowered to maintain an effective overview on how the Ministries and sub-national levels of government develop and implement merit-based salaries.

How to achieve civil service reform – getting rid of ghost, absentee or unqualified public sector employees, rationalising the allocation of those who remain, and paying them more and in a way which rewards performance – is an immensely complex task and one for which we have not been able to discover a magic bullet. Part of the solution, however, might lie in the development of employment opportunities elsewhere in the economy. In an expanding job market, there would be less reason to seek to acquire or retain a government job which pays badly and comes with obligations (form a cut of the already low wage to other forms of service) to public sector managers who act as patrons. In combination with PAR measures, reducing the demand for low-paid government jobs through economic growth might help to exert pressure for an increase in government salaries (and might force hard decisions on controlling corruption and reducing military spending).

A growing and diversifying economy

There is a clear need to disperse power within society, undermining a patronage model of governance and resource management (or at least creating more competition between patrons and thus increasing the bargaining power of potential clients). Given that the present system rests upon the conflation of political power with control over access to a relatively limited number of opportunities for wealth creation, road-based economic growth would contribute to this process of deconcentrating power. Once there are large numbers of successful business owners, they may come to see their interests as better pursued through a collective approach to bargaining with Government over general economic and social management,

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rather than cutting individual deals. Whereas on some issues these commercial interests will be antithetical to those of groups among the poor (e.g. on wage rates or labour laws), on many (e.g. the need to provide good roads and a literate workforce) they may coincide. The prescription of more capitalists and freer markets as a contribution to Cambodia's development is without its problems, but on balance can be expected to result in better prospects for the poor than under the current system of untransparent statist rent-seeking.

Any opportunities to demonstrate the profitability of long-term resource management should be seized upon. At present, key natural resources are being depleted at breakneck speed: this model of economic activity is more attractive to those in power because they feel fundamentally insecure about long-term prospects and their ability to profit from them in the future. If it possible to persuade those involved (in government, in the military, in the companies) that they can make substantial sustained profits over the long term from a more moderate exploitation of resources, this may help to change this behaviour and reduce the (poverty-increasing) environmental degradation that results from it. This is however a tricky process: part of the desperate short-termism comes from a perception that opportunities might be closed down. This perception leads to an acceleration of land grabs, logging and over-fishing in an effort to beat deadlines for land registration, logging bans and the return of fishing lots. It will be hard for donors to pique powerful individuals' interest in more long-term resource management while simultaneously exerting pressure to exclude them from NR rent-seeking.

More diffusely, economic growth and diversification would create alternative sources of employment. At the moment, the bulk of the population is either self-employed (in agriculture, in off-farm petty production and trade, or most commonly a combination of the two) or employed in the service of the state. Even allowing for the fact that many officially on the public sector payroll are "ghosts" serving to line the pockets of mid-level and senior officials, and acknowledging that for most state employees the state wage falls far short of a living wage, it is still pertinent that the state is the biggest employer in the Cambodian economy. The growth of alternative sources of employment – perhaps especially for the educated and literate – would start to undermine, albeit only gradually, the patronage power that the state derives from its ability to dominate the labour market.

An alternative way to look at this is to emphasise the dangers for the governability of society of producing a generation who aspire to be something other than a farmer or petty trader, who have a basic level of education and literacy which might encourage them to think they should have a reasonable chance of acquiring such a job, but who find that the economy simply offers no opportunities to match these aspirations. It has been argued that historians that a situation similar to this contributed to the downfall of Sihanouk in 1969: under his rule education expanded immensely, aspirations were raised, but the state continued to dominate the economy and social and economic advancement was dependent upon fickle patronage. The result, it is argued, was a large moderately-educated class of discontented individuals who began to look to political alternatives either to the right (note the broad urban middle-class support for the Lon Nol coup) or the left (the movement of many, especially teachers, into the communist movement). Economic diversification might thus create demand for the elimination – or at least restraint – of state rent-seeking. The key will be how this demand can be channelled. If, as under previous regime, the state remains oblivious or unresponsive, social and political instability can be

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expected. If a donor can find ways to help aspiring but excluded groups (probably *not* the poor) articulate their demands in ways comprehensible and palatable to government, that would serve a long-term purpose by broadening the bases for political power and potentially opening up opportunities for future political alliances between fragments of the rich and poor along regional or sectoral lines.

Private sector or enterprise development interventions should thus be considered as much from a political perspective as from an economic perspective. Similarly, Cambodia's trade position should be regarded as potentially extremely influential for the long-term evolution of governance.

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Appendices

Appendix 1: Terms of Reference

Pro-poor development and change

The policy-making process: how the poor influence policy and make claims on public services

1 Introduction and background

- 1.1 DFID is aware that its knowledge and understanding of underlying political systems and the mechanics of pro-poor change are weak. A recent internal DFID paper for Asia Regional Policy Department (ASREP) emphasised that in order to determine the potential for pro-poor change in a particular country context, DFID should better understand the nature of power relations and the patterning of political accountability. Studies for Governance Department have indicated the need to understand not only the formal structures and historical context of political change, but also the way in which citizen voice is reflected – or not reflected – in the wider political process. This would help to identify the structures, interest groups and processes to which politicians respond, and the degree to which they are likely to be accountable to the poor. In short, it is suggested that by understanding the particular incentives to which the holders of power respond, DFID might be able to better influence them in favour of the poor.
- 1.2 The core of the research is to assess the formal and informal decision-making process, political-bureaucratic relations, patterns of access to, and the role of patron-client relations in, the political process.
- 1.3 In the proposal, “policy” is understood in a broad sense as not only the espoused priorities of “the government”, but also the processes by which such priorities are implemented.
- 1.4 There are two contracts to be let: one for India and Indonesia, and one for Vietnam and Cambodia. Two contracts are required in order that alternative approaches may be compared, and, given the importance of the local context, to maximise country-specific knowledge. The successful bidders will, however, be expected to work closely together to ensure the comparability of the results.
- 1.5 ***This document therefore invites bids from consultants for two pieces of work, but each having the same ToRs. One contract will be for the study in India and Indonesia, and the second will be for the work in Cambodia and Vietnam. Bidders should specify which country contract they are bidding for. While bidders are free to bid for both contracts, DFID consider that only in exceptional circumstances would one institution have the necessary knowledge and expertise in all four countries.***

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- 1.6 The successful consultants must therefore have demonstrable team leadership, management and technical skills, relevant country and sector knowledge, and local contacts for much of the detailed work.

2 Background

- 2.1 Mainstream political science has argued for a long time that the gap between the role of the formal institutions of the state and the more informal political structures with which they are inextricably linked needs to be more clearly understood. In developing the concept of the “structuration” of the state, political scientists have advocated analyses that recognise the constantly changing sets of opportunities and constraints that affect the possibilities for action on the part of the different political actors.
- 2.2 Other recent work contains insights into the methods of including citizen voice in political processes. Such studies are concerned in particular, with the influence that individual men and women, and groups of citizens, can bring to bear on the design, delivery and assessment of service delivery by the state and the extent to which that is dependent, at least in part, on the nature of the political system – as demonstrated by the depth of procedural and substantive democracy, the configuration of executive/ legislative and judicial power, and the level of political participation.
- 2.3 What is crucial is an understanding of political agendas and political patronage systems such as will determine strategies for voices of women and men to be heard. The nature of the policy-making process – who makes policy – is central. One conclusion of recent thinking is that too many initiatives are taken by donors with an insufficient understanding of the underlying political environment in which reforms are expected. In particular, there is a failure to understand party-based patronage in the distribution of resources.
- 2.4 As part of the resulting work programme for ASREP, DFID proposes to undertake a study of the policy-making process in four Asian countries; one state in India (Madya Pradesh), Indonesia, Cambodia and Vietnam. The purpose is to analyse in more depth the incentives, social groups and forces to which policy-makers are responding, and which are constraining the state in providing the conditions for poverty reduction.
- 2.5 Each study will focus on the policy-making process and on policy implementation, and the dynamics of how to achieve higher priority in the political agenda for pro-poor interventions in public policy.

3 Specific tasks

- 3.1 In each sector in each country study, the paper should focus on the following questions:
 - Who makes public “policy”?
 - To whose interests do government policy and delivery respond?
 - What are the policy networks that exist?

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- To what extent do the poor have any influence over the policy-making and delivery processes and through which types of formal and informal mechanisms?
- What is the impact of the “party” or “political parties” in terms of making and implementing policy?
- What is the balance of power between the central and the local state?
- To what extent is the local state the agent of the central state?
- How much freedom of policy movements does “local government” have?
- What can the nature of policy-making and delivery tell us about power relations between the state and society (e.g. state / private sector, elite / non-elite, agrarian / industrial, central / local, inter-ethnic group) that will have been structured by various economic, historical, social, external and fiscal processes over time?
- Where is the common ground for poverty reduction among elites and other groups with power to promote or block change (for example, joining up with key concerns such as nation-building, conflict reduction, decentralisation, self-determination, etc.)
- The operation of political processes, in both current and historical perspectives, including the scope for participation by women and men in elections as voters and nominated candidates, and in policy-making;
- Accessibility of individuals to political structures at all levels of society;
- The incentive framework within which political actors operate, and the underlying values and perceptions which support it;
- The interaction of politicians with parties, bureaucrats, civil society organisations, lobbying groups (including advocates on the rights of women and other minority issues), and individual women and men at the central and sub-national levels;
- The interaction of politicians with the private sector, particularly through chambers of commerce, female and male business leaders, and other members of the business community; and
- Key relationships between politicians (political) and bureaucrats (administration) and others in the context of clientalism at the central and sub-national levels.

3.2 In asking these questions the operational objective for DFID is: how can we (and other development agencies) best seek to engage more effectively with partners in the light of the findings of the study?

3.3 The paper will be strongly empirical but situated within a coherent political science framework. For example, the degree of “policy institutionalisation” is likely to have a major impact on the extent to which interest groups can have an impact on “policy”.

3.4 The study will analyse government policy-making in each country, as well as reviewing policy history, using a medium-term framework spanning the past five to ten years. Each study will review the same three policy “areas” over past years in order to identify which particular interest groups have benefited. Monitoring and evaluation material, and interviews with key stakeholders, will support the key findings. The objective of this specific task is to support the oral evidence about the interests served by the policy-making process with some written evidence of policy-making processes that have occurred.

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- 3.5 The three policy areas to be studied will be forestry (all aspects including land use, conservation and commercial exploitation); land tenure, ownership and redistribution; and the provision and funding of primary health care.
- 3.6 Issues of bias and objectivity should be explicitly recognised within the paper. Different stakeholders are likely to express diverging views about the incentives to which politicians respond.
- 3.7 When making reference to particular social groups – e.g. the poor, elites, and private sector – the paper should, wherever possible, attempt to disaggregate and define them, giving consideration to inter-group differences, for example on the basis of caste, ethnicity, age and gender.
- 3.8 Where possible, the consultants will make note of general trends, for example providing information on whether the poor are exerting more or less influence over policy than five years ago, and if so, as a result of what changes in power relations (e.g. PRSP / institutional reforms / decentralisation)?

4 Process

- 4.1 Consultants bidding for the work will be asked to submit comments in the ToRs, as well as their proposed work plan, conceptual and methodological approach and budget. ASREP may wish to discuss these with the successful consultants.
- 4.2 Each study will involve a desk-based literature survey of policy-making and implementation in the country in question. Country visits will be required to discuss with a wide range of stakeholders regarding the nature of the policy-making process and policy networks. Discussions will draw on a range of stakeholders within and outside the state, including DFID offices, pro-poor advocacy groups where possible, and PRSP stakeholders where relevant. It will also make use of secondary material. In order to prevent “reinventing the wheel”, the consultant should make use of any records of past consultations with poor or pro-poor advocacy groups that have focussed on their views of government policy processes and outputs, e.g. CWIQs, PPAs, “Voices of the poor”, PRSP workshops.
- 4.3 Bids from consortia (UK-local especially) will be welcome.
- 4.4 The successful consultants must be able to demonstrate that they have both the country-specific knowledge and the sector-specific expertise to undertake the work. Each bid must identify the individual who will be responsible for managing the work, coordinating the work of the country research team, and delivering the outputs to DFID.

5 Inputs

- 5.1 Each country study will require ten days of desk-based research and literature review and preparation, 40 days of in-country work plus five days for write-up. Two days will be set aside for a presentation of findings to key DFID staff including the pro-poor change team and ASREP. Thus for each *contract* there are 20 person-days of desk work, 80 person-days of fieldwork, ten person-days of write-up and four person-days for presentations. It is expected that the resources for in-country inputs should be made available to in-country partners.

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5.2 It is envisaged that once the two contracts are completed, a further contract will be let to write a synthesis study report, which will be the responsibility of the two team leaders. No bids are required for this work at this stage.

5.3 It is envisaged that each contact team leader will be UK-based, managing a team of international and national staff. It is up to each bidder to specify how the days would be allocated among the team.

6 Outputs

6.1 There will be a number of outputs:

- An inception report, submitted within three weeks of the contract being let, would detail the work plan, allocate responsibilities, specify timelines and indicate reporting requirements;
- A first draft of country papers, each approximately 30 pages long, excluding appendices, will be ready for submission to DFID by the end of March 2003. There will be a short period of consultation before the final drafting, which should be completed by the end of April 2003; and
- Presentations to DFID staff to be agreed.

ASREP / Governance Department