



## **MAKING AID MORE EFFECTIVE?**

### **AN INDEPENDENT ASSESSMENT OF ACCOUNTABILITY AND OWNERSHIP IN THE AID SYSTEM**

**CAMBODIA CASE STUDY RESEARCH**

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## **Note on Methodology**

The field research was carried out in Cambodia over a two week period during September 2007. The research methodology involved a background review of the relevant documents, plus semi structured interviews with 16 key informants in Cambodia. The research team in Cambodia involved representatives from the NGO Forum (the NGO Umbrella body working on policy and advocacy issues); Sahmakun Teang Tnaut (a local NGO working on land rights and community infrastructure); Womyn's Agenda for Change (a local NGO working with sex workers, garment workers and farmers) and ActionAid International (an INGO).

We were unfortunately unable to meet with any representative from the Cambodian Government, although we did meet with one Technical Advisor working with the Council for the Development of Cambodia (CDC), the body which co-ordinates aid.

In conducting the research, we did not find it very useful to focus only on a small group of donors, as most of the issues related to donor behaviour as a whole. We therefore decided to interview a cross section of actors in the Cambodian aid context. However, we prioritised meeting with three European donors: SIDA, Germany and DFID; as well as the World Bank. We were unable to meet with USAID despite making requests to them.

The interviewees were as follows:

- **Local NGOs:**
  - Womyn's Agenda for Change;
  - Licadho (human rights NGO)
  - CEPA (environmental NGO)
  - Sahmakun Teang Tnaut
- **Local NGO networks/platforms:**
  - MEDICAM (representing the health sector);
  - NGO Education Partnership – NEP (representing the education sector);
  - NGO Forum on Cambodia (policy focused NGO umbrella body)
  - Co-ordination Committee of Cambodia – CCC (NGO umbrella body focusing on service delivery and implementation)
- **International NGOs**
  - Oxfam America
  - ActionAid International
- **Donors**
  - DFID
  - SIDA
  - German Embassy
  - World Bank (2 interviews)
- **National Assembly**
  - Chairperson of Commission no 2, on the Economy, Finance, Banking and the National Assembly
- **Other**
  - Technical Advisor to the Council for the Development of Cambodia (CDC)

An inception meeting was held prior to the start of the research with the core research team and a wrap up meeting was held to present the initial research findings. The research findings were also summarised and used as background

material for the National NGO Consultation on Aid Effectiveness meeting in the run up to the Accra High Level Forum on Aid Effectiveness, held in Phnom Penh in September 2007.

### **Overall story**

The overall story to emerge from the research was as follows:

- **The Government is becoming more assertive in its dealings with donors**, both in terms of aid effectiveness and conditionality. For example, the Council for the Development of Cambodia (CDC), the Government body responsible for co-ordinating aid, has developed a new 'Aid Effectiveness Report' which provides a quantitative analysis of aid effectiveness and identifies priorities for reform. Although it is still early days, the impacts of this approach are starting to be felt, especially at the EU level. The Government is also starting to push back on what it sees as potentially growing concerns about partnership and conditionality.
- **There is little evidence to suggest that this shift is directly a result of the Paris Declaration**, however, with many observers suggesting that the growing role of China, and discovery of oil and gas reserves, have been more important factors. Other observers, especially from civil society, suggest that the Government is increasingly recognising that aid continues to flow whether or not it meets the conditions.
- **Civil society remains heavily dependent on donors**, both for funding and as a means of influencing Government. Many NGOs see no way of influencing the Government without the help of donors and call for more conditionality, rather than less. Yet this view is criticised both by more radical NGOs and by donors, who do not wish to be the interlocutors between civil society and Government.
- **There is general agreement that donors could do more to help civil society do their own advocacy**. In particular, ensuring that NGOs are better able to engage in policy processes, including the government-donor dialogues, was identified as a priority by interviewees from both donors and NGOs.
- **Aid effectiveness appears to be improving**, although with some donors lagging behind others. However, there appear to be some worrying trends in the use of policy conditionality.

## **A: Background Information**

### 1. Aid

Cambodia is one of the poorest and most heavily aid dependent countries in Asia. Income per capita stands at only \$350 per year, below the low income country average of \$507<sup>1</sup>. Aid constituted more than 10% of GNI in 2004, far above the low income country average of 2.8%. However, Cambodia is also a fast growing economy, with annual economic growth estimated at 13% in 2005, nearly 11% in 2006 and a projected 9.5% in 2007.<sup>2</sup> According to official poverty statistics, poverty rates have fallen at a moderate pace of approximately 1 percent per year, from 47% in 1993/4 to 35% in 2004<sup>3</sup>.

In absolute terms, aid to Cambodia has been roughly \$0.5-0.6bn per year over the past few years<sup>4</sup>. Tentative figures put development cooperation at \$595m in 2006, a slight decrease from the \$610m in 2005. There has been an upward trend since 2002, when aid stood at \$531m<sup>5</sup>.

Japan is the largest donor, accounting for nearly 17% of disbursements in 2006, with the UN agencies together providing a further 16%. The ADB and China are next, providing 10% and nearly 9% respectively. The World Bank was a relatively minor player in 2006, accounting for only 4.5% of all disbursements, although it must be noted that World Bank aid was particularly low in that year due to corruption scandals. EU donors collectively provide around 24% of all aid<sup>6</sup>.

Provisional estimates for 2006 show that TA/TC accounted for 46% of all aid. Investment projects accounted for a further 47%. Budget support and balance of payments support are very low in Cambodia, at only 2.5% of all aid. Food Aid, Emergency and Relief Assistance account for 3.2%. Grants account for roughly three quarters of total disbursements, with loans making up the remaining quarter<sup>7</sup>.

### 2. Government

Cambodia has a tortured and bloody history. The period of Khmer Rouge rule between 1975 and 1979 saw almost one third of the population killed either directly by the regime or through famine and disease. The Vietnamese occupation throughout the 1980s, while ending the brutality of the Khmer Rouge regime, brought the country international isolation and civil unrest, as the Khmer Rouge and other Cambodian opposition groups continued to fight in large parts of the country.

Since the Paris Peace Accords of 1991 and the final extinction of the Khmer Rouge in the late 1990s, Cambodia has been a peaceful country, but corruption and human

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<sup>1</sup> World Development Indicators 2006

<sup>2</sup> 'Cambodia: Macroeconomic Developments and Budget Execution.' Presentation by Dr Hang Chuon Naron, Secretary General, Supreme National Economic Council

<sup>3</sup> 'Cambodia, Halving Poverty by 2015?' World Bank Poverty Assessment 2006

<sup>4</sup> Note that all figures are for 'development cooperation' as defined in the Government of Cambodia's Aid Effectiveness Report. This may not tally exactly with ODA as defined by the DAC.

<sup>5</sup> Royal Government of Cambodia, Cambodia Aid Effectiveness Report 2007

<sup>6</sup> *ibid*

<sup>7</sup> *idid*

rights abuses remain rife and the scars of the Khmer Rouge era are very much in evidence. Cambodia is nominally a multi party democracy with an elected National Assembly and Senate. The Cambodian People's Party, headed by Hun Sen, holds power, with the National United Front for an Independent, Neutral, Peaceful and Cooperation Cambodia (FUNCINPEC), the Prince Norodom Ranariddh Party and the Sam Rainsy Party in opposition. However, in reality elections have been marred by violence, intimidation and political repression, with opposition party supporters expelled from their villages and denied access to community resources. 2006 saw the jailing of government critics and attempts to weaken civil society, independent media and political dissent.

Corruption levels are high in Cambodia even in comparison to other countries at a similar income level, according to indices such as Transparency International's Corruption Perceptions Index (CPI.) The CPI places Cambodia at 162 out of 179 countries, lower than Zimbabwe and Sierra Leone. Human rights are frequently abused, and a culture of impunity means that the perpetrators are rarely brought to justice. Abuse of land rights is also a growing problem, with communities frequently thrown off their land by powerful business and political interests.

Cambodia has recently discovered oil and gas reserves within its boundaries. While some welcome the additional revenue that this will bring, there are also fears that this will be a 'resource curse' for the country given the current fragility of its democratic systems.

### 3. CSOs

Cambodia has a large number of Civil Society Organisation (CSOs), many of them funded by official donors. However, CSOs are primarily engaged in service delivery activities, with few having made the move towards advocacy. The NGO Forum, an umbrella NGO group, helps to co-ordinate and facilitate NGO advocacy work targeting both donors and government, and has a number of sectoral working groups for example on land and economic development. However, the government is very intolerant of CSO's advocacy efforts and CSOs lack access to decision makers. Critical NGOs, especially within the human rights fields, have been imprisoned or threatened.

CSO advocacy towards donors is also nascent, although the 'CSO Forum on Aid' organised in March 2007 represented a first step by the NGO community to hold donors accountable for the quality and quantity of their aid.

### 4. Paris Declaration and Aid Effectiveness Structures in Cambodia

Awareness of the Paris Declaration (PD) amongst donors appears to be very high, and all donors interviewed were clearly able to identify how the PD related to their activities in Cambodia. Because we were not able to interview anyone in the government, it was difficult to gauge how widespread awareness is within the government. However, Cambodia has been one of the 14 partner countries in the DAC Working Party on Aid Effectiveness since 1998/9<sup>8</sup>, and took part in the 2004

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<sup>8</sup> 'Cambodia country case: What structures and processes are emerging at country level to support a more effective and accountable development partnership?.' Marcus Cox Agulhas, September 2006. <http://www.adb.org/Documents/Events/2006/Aid-Effectiveness/country-papers/CAM-development-partnership.pdf>

OECD-DAC Survey on Progress in Harmonisation and Alignment suggesting a high level of awareness at least within those parts of the government responsible for aid coordination.

Amongst the NGO community, by contrast, awareness of the PD is very low, although it has increased somewhat during 2007. At a workshop on aid effectiveness organised by ActionAid and the NGO Forum in March 2007, for example, none of the participants said that they had heard of the PD<sup>9</sup>. A new 'Aid Effectiveness Forum' of NGOs has been developed by the NGO Forum, ActionAid and others to raise awareness, and this group has organised some sensitisation workshops. However, this work remains at an early stage. With the exception of UNDP, none of the donors appear to have taken steps to improve awareness among CSOs of the PD and how it impacts them.

Donors and government have developed a complex set of structures to manage the aid relationship, although these largely pre-date the Paris Declaration. There are 19 joint donor-government Technical Working Groups (TWGs) covering both sectoral issues (e.g. education and health) and process issues (e.g. planning, and partnership and harmonisation.) These are chaired by the government with donor co-facilitators, and most also have CSO representatives (see point 14 for more detail.) The TWGs feed into a four-monthly Government Donor Co-ordination Committee (GDCC), which discusses policy issues which are beyond the scope of the TWGs, as well as general issues relating to government-donor relationships.

Up until 2006, Cambodia held semi-annual Consultative Groups (CGs) of the form that is common in aid dependent low-income countries. These forums were chaired by the World Bank, and provided an opportunity for the government to report on development progress including against conditionalities, and for donors to pledge their financial contributions. In 2007, the CG was replaced with a government-chaired 'Cambodia Development Cooperation Forum' (CDCF), which from now on will take place every 1-2 years.

Donors and governments have also agreed a number of declarations and action plans on aid effectiveness over the past few years. The most recent are the Harmonisation, Alignment and Results (HAR) Action Plan, and the Declaration on Aid Effectiveness, signed in late 2006. The HAR Action Plan guides the work of the TWGs and in particular that of the Partnership and Harmonisation (P&H) TWG. The Declaration on Aid Effectiveness is essentially a local version of the Paris Declaration, although with no significant adaptations of the PD. The Declaration is non-binding, however, apparently on the insistence of Japan.

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<sup>9</sup> Interview with ActionAid International staff, September 2007

**B: Ability of southern governments to hold donors to account: Has the Paris Declaration strengthened the role of governments in aid negotiations with donors?**

5. Is the government in a position to choose their aid?

The Royal Government of Cambodia (RGC) has an official framework for aid, called the Strategic Framework for Development Co-operation Management, which is supposed to clarify policies and procedures in relating with development partners. However, according to interviewees, this Framework is not being implemented, partly because it is considered too burdensome and complicated. The Council for the Development of Cambodia (CDC), the government body responsible for co-ordinating aid, is considering developing a new set of more realistic guidelines, which will respond to the key findings of the Aid Effectiveness Report (see below for more details.)

According to donor officials, the government is sending mixed messages in terms of the kind of aid they would prefer. CDC is in favour of budget support and programmatic forms of aid, while there is a strong push in many line ministries to hold onto project aid.

The government is not known to have refused aid from any official donor, although one or two cases were cited in which the government has substantially modified projects.

6. Are governments able to influence donor behaviour and hold donors to account for their commitments?

There seems to be general trend towards greater assertiveness on the part of government in relation to donors. CDC has developed a new 'Aid Effectiveness Report (AER)' based on a new ODA database it has been developing. The AER uses empirical analysis to present a snapshot of current aid flows and to identify key problems with the current provision of aid, highlighting donor fragmentation/deconcentration and technical assistance as particular problem areas. It makes recommendations for donors and line ministries in the areas of: (1) effectiveness of the aid co-ordination structures, in particular the TWGs and the GDCC; (2) implementing the strategic framework for aid management; (3) capacity development and technical co-operation; and (4) promoting mutual accountability. Most of the data and the recommendations are for donors as a whole, rather than individual donors.

The government also highlights lack of access to correct data from the donor side as a key constraint in terms of both aid management, and in monitoring donor performance and holding donors accountable. There are frequent mentions in the AER to the lack of data provided by donors, or the unreliability of data<sup>10</sup>. According to one interviewee, the process of writing the AER was substantially complicated by the failure of donors to provide sufficient information on time. The problem was serious enough to be raised by HE Chhieng Yanara, Secretary General of CDC at the May

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<sup>10</sup> For example, page ii of the Executive Summary notes that 'data integrity issues continue to be of concern and [the report] proposes that further effort by Government, development partners and NGOs to validate the information provided would facilitate a closer alignment of support to the NSDP as well as supporting the evolution towards more evidence based development management across the priority sectors.' (Royal Government of Cambodia, Aid Effectiveness Report 2007, page ii.

2007 GDCC meeting. According to the minutes of that meeting, Mr Yanara ‘ raised some difficulty caused by the delay in providing and updating data by development partners, which in turn caused significant changes to the report analysis.’<sup>11</sup>

Those donors interviewed observed that the Aid Effectiveness Report has generally been well received by donors, albeit with some concerns about the reliability of the data. It has also created some impetus towards reform. At the 2007 CDCF meeting, the donors made a joint statement which outlined a number of commitments from the donor side in response to the AER, including: providing more accurate and timely data on aid flows, both pledges and disbursements; supporting the government in reducing fragmentation between and within sectors; supporting good quality TWG and GDCC mechanisms; and committing to fully engaging the planned review of technical assistance (TA) and working with the government to rationalise the provision and use of TA in Cambodia<sup>12</sup>. Donor interviewees in Cambodia observed that particularly at the EU level, the AER is helping to create momentum towards reform. Some interviewees suggested that donors are starting to feel nervous because CDC has shown that they now have the technical capacity to do this kind of analysis.

Growing government assertiveness is also evident in some of the statements made at the CDCF. H.E. Chhieng Yanara, Secretary General of CDC, made a presentation entitled ‘Mutual Accountability or Donor Conditionality?’, which noted ‘some remaining – or growing – concerns about partnership and engagement’ and ‘increasing signs of a reversion to conditionality.’<sup>13</sup> This was apparently in response to growing pressure from donors to include a greater number of conditions in the JMLs as part of the development of a new budget support instrument (see below for more details.)

There were mixed reactions from interviewees about the extent to which the shift from CG to CDCF had impacted relations between government and donors. According to one donor interviewee, the shift had caused quite a lot of consternation on the part of donors when first proposed, largely due to concerns about the government’s capacity to manage the Forum. The technical advisor working within CDC felt that the government took the process much more seriously this year than previously, while others felt that there had been little change. One common observation, however, was that the process is now much more ‘stage managed’ than it has been in previous years, with little time for spontaneity or debate.

CSOs usually prepare a statement to the CG/CDCF, which is read out during the event. CSOs could not identify any discernible trend in access or influence as a result of the shift from CG to CDCF: there were no suggestions that things were getting worse in terms of CSO access, however.

This growing government assertiveness is promising, and there are encouraging signs that donors are starting to respond to this shift. However, there are questions about the extent to which this can be attributed to the Paris Declaration. Many interviewees cited increasing aid from China and the discovery of oil and gas reserves as much more important factors. Some felt that the Cambodian government

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<sup>11</sup> Minutes of the Tenth Meeting of the Government-Donor Coordination Committee (GDCC) held on 22<sup>nd</sup> May 2007, at CDC

<sup>12</sup> ‘Short Statement on Aid Effectiveness to be made by the UK on behalf of Development Partners’, CDCF June 2007.

<sup>13</sup> ‘The Joint Monitoring Indicators: Mutual Accountability or Donor Conditionality?’ Presentation by H.E. Chhieng Yanara, General Secretary CDC, at the CDCF June 2007. Available at [http://www.cdc-crdp.gov.kh/cdc/first\\_cdcf/session2/presentation\\_chhiengyanara.htm](http://www.cdc-crdp.gov.kh/cdc/first_cdcf/session2/presentation_chhiengyanara.htm)

is also feeling more confident, on the grounds that failure to meet previous conditionalities have not led to any reduction in aid flows.

**C: Ability of southern governments to set their own policies: Has the Paris Declaration increased the space for governments to determine their own policies?**

7. Do governments have real 'policy space' to determine their own development strategies?

Cambodia has had a number of development strategies in recent years, largely as a result of failures in donor co-ordination and alignment. In the early part of this century, it developed no fewer than three different development strategies funded by different donors: the National Poverty Reduction Strategy (NPRS), supported by the World Bank, the Cambodia Millennium Development Goals, supported by the UN, and a series of Socio Economic Development Plans (SEDP), supported by the ADB. In 2004, the new government adopted a 'Rectangular Strategy', which set out its vision for long term development. Accompanying the Rectangular Strategy is the National Strategic Development Plan 2006-2010 (NSDP), which aims to operationalise the Rectangular Strategy<sup>14</sup>.

Parliament approved the NSDP in May 2006<sup>15</sup>. Interestingly, however, when asked about the NSDP, the one National Assembly member we met referred constantly to the Rectangular Strategy, and showed rather low awareness of the NSDP. Although we cannot assume that this is a general trend simply from one interview (particularly as some of the meaning may have been confused in the translation), it does raise some doubts about the level of 'ownership' of the NSDP within the National Assembly.

NGOs have had some input in the NSDP, despite what the NGO Forum described as an 'extremely rushed process of preparation.' According to the NGOF, both the 'breadth' of NGO input – i.e. the range of stakeholders involved – and the 'quality' of participation – the degree to which inputs were taken on board, were limited. The NGOF notes that participation in some sectors has been more substantial than others. NGO networks in both education and health have inputted into the relevant sector strategic plans, which have influenced the NSDP. Outside of formal NGOs, the NGOF notes that the participation of broader civil society has been minimal. The group 'Women for Prosperity' has run focus group discussions with women, for example, but according to the NGOF there is little evidence that their contribution had any impact on the strategy<sup>16</sup>.

NGOs interviewed for the research also questioned the extent to which the NSDP genuinely reflects the government's priorities. One NGO representative, when asked whether he felt that the NSDP reflect the priorities of donors or governments, observed that 'the NSDP is nobody's priority.' Instead, he noted that 'there is need for

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<sup>14</sup> NGO Forum on Cambodia, 2001: 'Rapid Assessment of the PRSP Process in Cambodia: Two Banks, Two Processes, Two Papers' and Cox Agulhas 2006, op cit.

<sup>15</sup> World Bank Aid Effectiveness Profile Cambodia, <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/CDF/0,,contentMDK:20922244~menuPK:2540090~pagePK:139301~piPK:139306~theSitePK:140576,00.html>

<sup>16</sup> NGO Forum on Cambodia, 2006, op cit.

a good package that looks beautiful – this is the NSDP.<sup>17</sup> Donor officials agreed that there is a lack of clear prioritisation within the NSDP, with one official noting that donors would need to be planning to build hotels on the moon *not* to align with the NSDP<sup>18</sup>.

Conditions are largely drawn from the Joint Monitoring Indicators (JMIs) agreed between donors and government as part of the GCDD/CDCF process. The JMIs are heavily focused on governance issues, particularly legal and judicial reform, anti-corruption measures and public financial management. However, the government's record on implementing the JMIs has been patchy. Passing of the Anti-Corruption Law, for example, has been a JMI for a number of years without being implemented, yet this does not seem to have affected donor disbursements.

Unusually, in Cambodia the prevailing view from civil society is that there should be more conditionality, rather than less, and that disbursements of aid should be more tightly linked to the conditionalities. For example, the most recent NGO statement on the monitoring of the CDCF indicators notes that a number of previous year's JMIs have been dropped, describing this as 'regrettable.'<sup>19</sup> Most NGOs see donors as their key route to influencing the government, largely because direct access to decision makers by NGOs is very difficult (see below.) This approach is subject to criticism from donors such as the World Bank, which feel uncomfortable acting as a bridge between Cambodian citizens and their governments<sup>20</sup>. This criticism is also shared by a small number of NGOs including Womyn's Agenda for Change and ActionAid, who see too great a reliance on donors as undermining the all important state-citizen relationship.

Meanwhile, there seems to be a growing trend from donors to strengthen their use of conditionality, particularly in light of the new World Bank-led multi donor budget support instrument, the Poverty Reduction and Growth Operation (PRGO). One donor explicitly said that the PRGO aims to make a tighter link between the JMIs and funding: in other words, to strengthen the use of conditionality. Another donor official observed that there may be a danger of 'the PRGO tail wagging the JMI dog' i.e. that more conditions are being added into the JMIs by the budget support donors.

In contrast to the stated positions of many donors not to 'impose' policy conditions on to recipients, there is evidence in Cambodia of donor heavy handedness in this area. This issue is clearly a matter of concern to the Government, informing some of their recent statements. The minutes of the Government Donor Co-ordinating Committee (GDCC) meeting in May 2007, read as follows:

*'His Excellency Chhieng Yanara presented new consolidated JMIs proposed by the [Technical Working Group] Chairs... The meeting endorsed the proposed JMIs but **the World Bank supported by a number of development partners, proposed some additional JMIs to be included.** These related to the Private Sector Development, Public Administration Reform, Anti Corruption, Economic Land Concessions, and the addition of a reflection on the Extractive Industries Transparency Initiative.... ADB and the UN Resident Co-ordinator also proposed to include rural water and sanitation. **The [Government] GDCC Chair, supported by many Government colleagues, did not agree that, with the exception of rural water and sanitation, many of the proposed JMIs were***

<sup>17</sup> Interview with Sahmakun Teang Tnaut, 20<sup>th</sup> September 2007

<sup>18</sup> Interview with donor official, 29<sup>th</sup> September 2007

<sup>19</sup> NGO Statement on Monitoring of the CDCF Indicators, October 2007

<sup>20</sup> Report of Cambodian Civil Society Forum on Aid, Cambodiana Hotel, March 13<sup>th</sup> 2007.

***necessary.....He nevertheless conceded that these proposals could be included in the new set of JMIs for CDCF endorsement.<sup>21</sup> (bold added.)***

This issue is clearly a matter of concern to the Government, informing some of their recent statements (see above.)

#### 8. How predictable is aid?

In 2006, provisional figures suggest that the majority of donors did not disburse the pledged amount. Of the 15 donors for which data is available in the Aid Effectiveness Report, 5 disbursed only between 50-60% of pledges, and a further 3 disbursed less than 80% of the pledged amount. Of the donors interviewed, the World Bank only disbursed 50%, the UK 78%, Sweden 75% and the US 83%. The AER notes that sometimes pledges are unclear, as commitments made at the Consultative Group may not be associated with a particular calendar year, and some pledges are associated with existing undisbursed commitments<sup>22</sup>. In the case of the World Bank, the low disbursement was due to corruption concerns in some World Bank funded projects.

The Government has developed a Multi Year Indicative Financing Framework (MYIFF) to attempt to push donors into increasing the predictability of their aid. The MYIFF provides 3 year projections of aid flows, and apparently all donors bar Japan and the US have been willing to provide such projections. However, both donors and the government stressed that these projections are only indicative.

#### 9. How effectively are donors supporting government capacity institutions and systems?

Use of government systems in any area is very low in Cambodia. According to the AER, only 10% of aid uses government budget systems, while only 6% use procurement systems. The extreme weakness of these systems, and concern around corruption, were cited by donors as the major reason for not making greater use of these systems.

Almost half of all aid to Cambodia is technical assistance (TA)<sup>23</sup>, and this area is a major concern of the RGC. The NSDP, for example, states that 'a great deal of past resources spent directly by external development partners have been devoted to technical assistance...while these have no doubt had their use, it is time now to ensure that resources are redirected to make available 'additional funds' for concrete and tangible actions to accelerate progress in the lives of Cambodian people'.<sup>24</sup> Elsewhere in the NSDP, the government calls on donors to 'drastically reduce the share of funds received for technical assistance.'<sup>25</sup> The AER similarly prioritises reform of TA. Capacity development and the impact of technical cooperation (TC) is identified as one of the four priority areas for reform and highlighted as a 'key aid effectiveness challenge'<sup>26</sup>.

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<sup>21</sup> Minutes of the Tenth Meeting of the Government-Donor Coordination Committee (GDCC) held on 22<sup>nd</sup> May 2007, at CDC

<sup>22</sup> Royal Government of Cambodia, Cambodia Aid Effectiveness Report 2007, page 14 and Table 6.

<sup>23</sup> Ibid, Table 10, page 20.

<sup>24</sup> Cambodia National Strategy Development Plan, page 70.

<sup>25</sup> Ibid, page 72.

<sup>26</sup> Royal Government of Cambodia, Aid Effectiveness Report 2007, page iv.

As a result of these concerns, the Government has commissioned a study on TA/TC, which will consider how TA/TC in Cambodia can better support capacity development. As well as being used locally, the study will also feed into a multi donor/multi partner study being carried out as part of the Accra process on aid effectiveness, under the leadership of JICA.

**D: Ability of citizens and parliaments to hold their governments and donors to account. Key question: Has the Paris Declaration made civil society more or less able to hold governments to account and influence policy?**

10. How effectively are donors supporting civil society?

Total aid disbursed through NGOs in 2006, according to CDC, was estimated at \$113.2m, of which roughly \$50.2m came from NGO funds. This data is only approximate, as not all NGOs report their funding to CDC, a concern raised by CDC in the AER. If these figures are correct, roughly 19% of all aid would be disbursed through NGOs, of which 10% is from official donors and 9% from NGO's own core funds. This is a slight increase overall since 2005.

We did not find any evidence of funding for civil society tailing off as a result of the Paris Process or the planned move to budget support by a number of donors. The only case we could identify in which funding is shifting considerably is in the reduction in funding of MEDICAM, the NGO co-ordinating body in the health sector. MEDICAM is seeing a reduction in funding due to a shift by the US Government towards greater support for government. (Previously there was a prohibition on US funding to the RGC, meaning that all US funding went through NGOs.) This seems more to do with geopolitics than the Paris Declaration however.

11. Are citizens able to hold governments to account for their policies and delivery?

The ability of citizens to track government revenue and expenditure is currently limited, both by capacity and by the information available. Key budget documents such as monthly budget implementation reports, mid year reviews, and reports from the National Audit Authority are kept confidential and are not available to the public. Under the donor supported Public Financial Management Reform Programme (PFMRP), more information is expected to become available in future, but this does depend on successful implementation of the programme. Even when information is available, it is sometimes patchy. For example, the Budget Settlement Law describes actual revenues generated and real expenditures in the previous fiscal years, but it does not explain the enacted level, how the money is spent and the actual outcomes of the expenditure<sup>27</sup>. NGO capacity is also limited, although efforts are being made to strengthen this capacity through an NGO Forum led budget tracking initiative.

12. Are citizens able to hold donors to account for their commitments?

There are very few opportunities for citizens, parliaments and CSOs to hold donors accountable. The 'CSO Forum on Aid' organised by the NGO Forum in collaboration

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<sup>27</sup> NGO Forum on Cambodia, Budget Guide, draft, 2007

with a group of local and international NGOs in March 2007 was the main opportunity for this to occur. Seven donors were invited by NGOs to come and be scrutinised on their aid programme by civil society. The results of the Forum fed into the NGO statement on aid effectiveness for the CDCF in June 2007.

Several interviewees from both NGOs and donors felt that it was important for there to be more spaces available for NGOs to hold donors accountable. However, some NGOs are also nervous about challenging donors due to their dependence on those same donors for both funding and as a means of influencing the government.

There is one NGO representative within the Partnership and Harmonisation Technical Working Group, but most observers felt that this had not had a huge impact in terms of holding donors accountable. This is partly due to lack of clarity about whether NGOs are represented in the group as development actors or as watchdogs.

Donor accountability is also hampered both by low awareness amongst NGO groups about the Paris Declaration and aid effectiveness generally, and by lack of transparency on the part of donors about their aid programmes. While summary indicators under the Paris Declaration are made available on the CDC website, this is in quite a technical format which is not easily understood by NGOs, and is difficult to relate to the NGOs key concerns.

Moreover, the AER and interviews with donors raise serious concerns about the integrity and accuracy of even the information that *is* made available through the Paris Declaration survey. The AER notes that, for example, 'the survey provided development partners with discretion in applying the [Paris Declaration] definitions. This resulted in coordinated technical cooperation including arrangements in which development partners coordinate amongst themselves, not with Government.'<sup>28</sup> Elsewhere, the AER notes that the Paris Declaration survey indicated that there were only 49 project implementation units, compared to at least 152 as defined by CDC's ODA database<sup>29</sup>.

The AER also notes that 'During the process of revising the analysis in this Report it was noted that several development partners had significantly revised their Paris Declaration indicators<sup>30</sup>.' Interviews with donor officials confirmed that donors are able to flatter their own performance through interpretation of the Paris indicators. One donor observed, for example, that donors are able to claim that they are undertaking joint research simply by adding other donor's logos to their own reports, with no reduction in transactions costs for the recipient government.

### 13. Have CSOs been able to influence policy?

Most interviewees felt that the joint-donor Technical Working Groups (TWGs) are, in theory, the best place for NGOs to influence government policy. There seemed to be few if any spaces for CSOs to directly lobby the government without donors being present, although this varied by sector: in health, for example, direct NGO-government dialogue is more common<sup>31</sup>. However, interviewees generally did not feel that this situation had become worse in previous years, or had been directly impacted by the Paris Declaration.

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<sup>28</sup> Cambodia Aid Effectiveness Report, op cit, p.36

<sup>29</sup> Ibid page 30.

<sup>30</sup> RGC, Aid Effectiveness Report, page 39

<sup>31</sup> Interview with MEDICAM

However, there was quite widespread agreement amongst both NGOs and donors that the TWGs are not proving an easy or effective forum for NGOs to lobby the government. This does vary by sector: in the health sector, and to a lesser extent in education, NGO influence seems to be much more effective. This is partly because the TWG format is not designed for NGO influence, and in some cases NGOs advocacy/watchdog role is actively discouraged. For example, a CDC review of the TWG mechanism observed that, as TWGs are technical bodies, they should not be used as a forum for policy advocacy and NGOs should only be invited where they are active operationally within the sector.<sup>32</sup> As a result, the government designed guidelines for the TWGs do not recognise the role of NGOs as monitors, despite the NGO Forum pushing for recognition of this role.

The other key issue raised by both NGOs and donors was around NGO capacity to engage in TWGs and similar processes, and also around their representational role. Some observed that even when CSOs are involved in TWGs, they do not necessarily do this in a representational way and are insufficiently linked to the grassroots communities which might provide legitimacy for their work or to other CSO actors e.g. trades unions and pagodas. NGOs capacity to engage in policy dialogue, particularly at a more technical level, was also questioned. MEDICAM, the NGO network working on health issues, appears to be the most effective in influencing the government. This was attributed by interviewees partly to the capacity of MEDICAM representatives in the TWG and also to the fact that health, like education, is a less sensitive sector which a greater shared agenda between government and NGOs.

There was a strong agreement, however, that donors should and could be doing more to ensure that CSOs are able to engage in policy processes and influence policy.

## **Conclusions and Recommendations**

In conclusion, the research found that:

- 1) **The government is starting to show stronger leadership over the aid process, but this is not necessarily enhancing accountability to domestic stakeholders.** In Cambodia the government is being more assertive with the donors and there are signs that this is starting to bear fruit in terms of influencing donor behaviour. However, stronger government ownership does not necessarily mean greater accountability to citizens.
- 2) **Civil society remains heavily dependent on donors,** both for funds and for policy influencing. This is potentially compromising the state-citizen relationship, with donors often seen as mediating between the government and citizens. There are criticisms of this role both from some donors and some CSOs.
- 3) **There are few opportunities for CSOs to directly influence government,** which is undermining the development of domestic accountability relations. This does not seem to be getting worse as a result of the Paris Declaration, but it does not seem to be improving either. **Donors could be doing more to support CSOs in their own advocacy, while taking care not to speak on their behalf.**

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<sup>32</sup> CRDB/CDC, 'The Government-Donor Co-ordination Committee (GDCC) and Technical Working Groups in Cambodia: A Review' draft, July 2006, p.3. Cited in Cox Agulhas, 2006, op cit.

- 4) **Donors are insufficiently transparent or accountable**, with the Cambodian government in particular raising lack of information as a key problem in their aid co-ordination role.
- 5) **Improving the effectiveness of aid remains a major challenge in Cambodia.** Although some of the recent reforms are starting to bear fruit, there is still a long way to go in improving the quality of aid.

Key recommendations emerging from the research are:

### 1) **Donors**

- a) Donors need to do more to improve the quality of their aid and to respond to the evidence presented by the Cambodian Government in the Aid Effectiveness Report. A particular focus area should be Technical Assistance, which accounts for roughly half of all aid, and which has been raised as a key problem area by the Cambodian Government.
- b) Donors also need to do more to support CSOs in their policy and advocacy efforts. This includes ensuring that CSOs are able to participate in the TWGs and that the advocacy role of CSOs within the TWGs is recognised. It also means ensuring that more funding is channelled to CSOs for advocacy.
- c) Donors need to ensure that they are more transparent and accountable both to the Cambodian Government and CSOs. In particular, this means providing data to the Government on their aid flows in a timely manner. It also means being open to scrutiny by CSOs in Cambodia.

### 2) **NGOs**

- a) NGOs need to reduce their reliance on donors as a means of influencing the government. Instead, they need to invest more in directly targeting the government and lobbying for spaces where policy dialogue and influencing can take place.
- b) NGOs need to build up their policy and advocacy capacity, in particular their capacity to effectively participate in the TWGs. They also need to ensure that when they do engage, they play a properly representational role.
- c) NGOs need to increase their confidence and knowledge about donor operations in Cambodia, hold donors to account for meeting their obligations to the country.

### 3) **Government**

- a) The Government must recognise the advocacy role played by NGOs and must be much more open to dialogue with CSOs.
- b) The Government must also improve its own transparency and accountability, and respect for pluralism and human rights.
- c) The Government should continue to monitor aid effectiveness and put pressure on donors to reform.

### **Lists of Abbreviations**

ADB	Asian Development Bank
AER	Aid Effectiveness Report
CDC	Council for the Development of Cambodia
CDCF	Cambodia Development Cooperation Forum
CG	Consultative Group
FUNCINPEC	National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia
GDCC	Government Donor Co-ordination Committee
GNI	Gross National Income
JMI	Joint Monitoring Indicator
NGOF	NGO Forum on Cambodia.
NPRS	National Poverty Reduction Strategy
NSDP	National Strategic Development Plan
PD	Paris Declaration
P&H	Partnership and Harmonisation
PRGO	Poverty Reduction and Growth Operation.
RGC	Royal Government of Cambodia
SEDP	Socio Economic Development Plan
TATC	Technical Assistance/Technical Cooperation
TC	Tech
TWG	Technical Working Group
UNDP	United Nations Development Programme