

# Decentralisation at the Municipal, District and Khan Level: A Quick Review of Progress<sup>1</sup>

The government's Three Year Implementation Plan (IP3) states that district and municipal administration (D/M) is the key to decentralisation in the next three years and beyond (NCDD 2010d, 2010e). It is expected to be the key tier in service delivery and working closely and supporting the commune/sangkat (C/S). This is a high expectation for the D/M, whose role before 2009 was largely to be an administrative arm of the province. To move D/Ms closer to their expected roles, a lot of capacity building is needed.

Based on recent policy documents and brief fieldwork in four districts, this article reviews progress since the D/M councils were elected in May 2009. It argues that: (1) while tasks of building D/M capacity are huge, they do not start from scratch, but can build on the experience of D/M pilot projects, and (2) in addition to the technical/administrative challenges, political factors and lack of collaboration of non-state actors also need to be understood.

## 1. Policy Directions

### 1.1. Organisational Structure

There are now two general types of sub-national administration (SNA): regional (provinces) and local (capital, D/M, C/S). D/M councils are indirectly elected and a board of governors centrally appointed.<sup>2</sup> By law (RGC 2008), the board is accountable to both the central government and the council.<sup>3</sup> However, that the board is appointed raises concerns about horizontal accountability.<sup>4</sup> In rural areas, the district council is accountable to the C/S, while in urban areas, the municipality,

while still downwardly accountable, supervises and delegate functions and resources to the C/S.<sup>5</sup>

D/M councils are to establish at least a technical facilitation committee, women's and children's affairs committee and procurement committee. These committees, with some variations, are chaired by the district governor; its members include the deputy governor, administrative staff, selected district councillors, heads of line offices and C/S chiefs. The technical facilitation committee is important in the preparation of D/M development plans and budgets, liaison with line offices and C/S and other work (RGC 2009b; MoI 2010b). The council may assign the board of governors to assist the council or assign the board of governors to take the lead in preparation of documents and conducting studies of local needs. The board also has the duty of guiding, supporting and coordinating line offices and ensuring that they play their roles properly (RGC 2009a).

It is expected that in the next 10 years the D/M will become key to service delivery. For this, the capacity will need to be built, a mission that dominates the agenda of the IP3. The plan states that the development of D/M capacity is the responsibility of the "whole of government" but particularly and initially of the ministries of Interior, Economy and Finance and Planning and the State Secretariat for Civil Servants (SSCS), under the umbrella and policy leadership of NCDD (NCDD 2010d, 2010e).

The priority need is the development of human resources, followed by organisational systems and skills, management and effective allocation of financial resources, service delivery, strategic development planning, understanding of and compliance with the concept of legal control (NCDD 2010e). It is expected that by the end of IP3, D/Ms will be fully staffed to perform development

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2 Articles 14 and 141 of the Organic Law.

3 Article 154 of the Organic Law.

4 Although the council may submit a written request to the minister of the Interior to terminate a governor or deputy governor (Article 152).

5 Articles 106-113, Section 8 and 9 and Article 98, Section 7, Chapter 2, Organic Law.

activities and support the C/S; they will have discretionary funds and project funding mechanisms and the capacity to use administrative and financial systems to provide services, build infrastructure, promote economic development and manage local natural resources (NCDD 2010e).

### ***1.2. Functional Assignment, Planning and Budgeting***

The Organic Law requires SNAs to move beyond their general mandate to service delivery. This implies functional identification and assignment among ministries. The IP3 sets out a roadmap for identifying service delivery functions that can be deconcentrated, delegated or assigned to regional and local SNA. It is expected that within the lifetime of the IP3, functional reassignment can start with the piloting and countrywide replication of provincial deconcentration arrangements and D/M and C/S contractual delegation (NCDD 2010e).

In parallel with functional assignment, a SNA planning and budgeting system needs to be developed, especially for D/Ms (NCDD 2010c; MoI 2010b). First the D/M needs to develop a five year development and three year rolling program (3YRP). To do that, it needs a strategic framework reflecting the priorities of the C/S while also representing medium- and long-term policies of D/M councils. As functional reassignments proceed, the D/M will move beyond coordination of outside service deliverers, so the capacity for internal programming and planning needs to be enhanced (NCDD 2010b, 2010e).

The five-year plan and 3YRP are prerequisites for SNAs to receive their funds (RGC 2009c). According to the law, SNAs have the right to appropriate financial resources, from own-source revenues and state transfers, to fulfil their studies and perform their functions.<sup>6</sup> More detailed provisions of SNA finance are stipulated in the draft Law on Financial Regime and Asset Management of Sub-National Administrations, which has been passed by the National Assembly and is expected to be promulgated soon.<sup>7</sup>

D/Ms are expected to receive a discretionary D/M Fund (NCDD 2010e). When transferred, it will be placed under the control of the D/M to manage in

accordance with public financial management rules and regulations. SNA financial management capacity, the capacity of the MEF to monitor SNA financial management and the capacity of the National Audit Authority will need to be strengthened.

## **2. Previous Pilot Projects**

Without downplaying the work that lies ahead, D/M capacity building does not start from scratch. Since prior to May 2009, some district capacity has been built through pilot projects, including district initiatives (DI), the Project on Improvement of Local Administration in Cambodia (PILAC) and One Window Service Office and District Ombudsman (OWSO-DO)<sup>8</sup>.

### ***2.1. District Initiatives***

The DI project to support districts was established by the MoI in 2006 with support from the Project to Support Democratic Development through Decentralisation and Deconcentration and the Natural Resource Management and Livelihood Project (NCDD 2009). Each district receives USD20,000–30,000 a year for local and inter-communal development.<sup>9</sup> DI were established to strengthen district structure, develop officials' capacity, transfer roles and responsibilities, transfer discretionary use and management of DI funds and provide district a role in alleviating poverty through support of district investment projects (NCDD 2007; Mekong Think Tank 2010).

So far 106 districts have been chosen for 2339 inter-communal projects worth USD10.3 million, mainly in water resources, agriculture, rural infrastructure and natural resources management. District technical committees have established a focal person to conduct monitoring and evaluation and to gather information on progress and challenges (MoI 2010a).

DI built the organisational capacity through the District Development Committees, which taught districts to cooperate with C/S in choosing, planning

<sup>8</sup> Other projects that helped build capacity of the districts include Inter-communal Cooperation (ICC) under the Democratic and Decentralized Local Governance Project (DDLG) (2006-2010) funded by European Commission and UNDP, and Cambodia Criminal Justice Assistance Project (CCJAP III) (2007-2012) funded by the Australian Government.

<sup>9</sup> Interview with NCDD official (18 May 2011).

<sup>6</sup> Article 247-249 of the Organic Law.

<sup>7</sup> Interview with NCDD official (18 May 2011).

and implementing inter-communal projects. DI also brought involvement from line offices in planning and implementation.<sup>10</sup> DI clearly informed local agencies of their responsibilities and encouraged horizontal coordination.

DI got district officials to design inter-communal development plans and use and manage their funds to support C/S, which increased their knowledge and understanding of their localities, planning, budget management, project implementation and related activities.<sup>11</sup> DI contributed to formulating law and regulations for districts, promoting local understanding of democratic development and reflecting what is still needed in functional reassignment and the transfer of resources and decision-making power.

## **2.2. Project for Improvement of Local Administration in Cambodia**

PILAC, implemented since early 2007, aims to enhance the capacity of provincial and district officials on D&D policy and has a long-term goal to establish human resources development (HRD) systems for local administration.

PILAC has provided individuals at the national level with knowledge and skills to train their peers. So far, PILAC has trained MoI trainers, who later trained nationwide sub-national officials in preparation for the IP3. PILAC has identified key areas for improvement of MoI's HRD system (MoI 2008a, 2008b). It also provides inputs from studies to a plan to improve local administration HRD. It suggests 3 options<sup>12</sup> to clearly distinguish the roles and responsibilities of Department of Personnel and Vocational Training and Department of Local Administration regarding capacity building for sub-national officials.

PILAC has prepared some ground for SNA through its national training for sub-national officials, its studies of HRD improvement in the

context of D&D and its review of institutional barriers to capacity development.

## **2.3. One Window Service Office and District Ombudsman**

The OWSO-DO project is smaller than the other two. Launched in 2005 in Battambang and Siem Reap municipalities, it was supported by the Konrad Adenauer Foundation and European Commission and was later part of a World Bank project called Demand for Good Governance. The objective is to address the slow progress of D&D, while giving municipalities a role in providing their constituents with services in simplified procedures with transparent fees (NCDD 2010a).

As of late 2010, OWSO-DO had expanded to seven other municipalities. The project has adopted regulations for the functioning of OWSO-DO, equipped physical infrastructure for target municipalities and recruited officials for training in technical aspects of delegated functions (NCDD 2010a).

OWSO-DO's role in service delivery has provided municipalities a platform to absorb service provision functions delegated from six line ministries (RGC 2001). The project has established a pioneering mechanism for D/M service delivery that is client-friendly, transparent, accountable and efficient (NCDD 2010a). OWSO-DO reduces graft through transparent and accountable service delivery (Thon *et al.* 2011).

OWSO-DO has changed local government's attitude from ruler to server. In addition, the project familiarises citizens with seeking services from the state while restoring trust in authority. The project offered opportunity for local governments to broaden their understanding of local democratic development while strengthening their capacity in service delivery.

Overall, OWSO-DO prepared municipalities officials regarding capacity in service delivery, got central administration to adopt necessary laws and regulations, speeded up deconcentration, changed the attitude of local government and established an improved mechanism for service delivery.

## **3. Field Findings**

Brief fieldwork in four districts gave an overview of progress since May 2009.

<sup>10</sup> *ibid.*

<sup>11</sup> *ibid.*

<sup>12</sup> Clarify the roles and responsibilities of DPV and DoLA on training of local administration officials by amending current regulations or issuing a new regulation; Create a new Department responsible for training of civil servants at all sub-national levels; and Establish a national institute for local administration.

### 3.1. *Organisational Building and Functioning*

Partly because of the absence of a proper development plan and budget, councils had had little activity, except for the monthly meeting with the board of governors. When development plans are prepared and funds are transferred, it is expected that councils will be more active and more able to hold the board accountable for D/M operation and development.

However, early findings suggest some less obvious factors that also determine the activity and influence of a D/M council, including the profiles of the chiefs, their relationship with the governor within the party hierarchy and how they were nominated for the 2009 election. Among the 72 councillors of four districts, about 65 percent of them were older than 55 years when elected. Some interviewees see age as bringing experience into councils; others see it as a cause of lack of vigour in the performance of council tasks.

In three of the four districts, the chiefs were former district governors of the same or other districts, and their nominations were initiated by the provincial party and governor. In these cases, the chiefs of the council seem more influential and respected, because their nomination was less influenced by the district party branch headed by the governor. In the other district, the chief was a former district senior staff, whose nomination, while also approved by the province, was initiated by the district party. In this case, he was seen as less influential than the governor.

Field interviews suggest that party seniority and loyalty are the key criteria for nominating D/M councillor candidates. First, seniority is seen by the party as “experience”, which is expected to be helpful. Second, candidacy is a form of reward for many retiring activists. The latter rationale was strongly appreciated by all the D/M councillors interviewed. Parties besides the ruling party are said to use a similar rationale, although to a lesser extent.

Although the council is said to be the representative of the D/M, the board of governors, especially the governor, oversees the operation of a D/M. Interestingly, there are now more young faces in governor or deputy governor positions. In one province, more than 80 percent of district governors are younger than 40 and are graduates from the Royal School of Public Administration. By the next term of office, it is expected that most

district governors who served before 2009 will have reached retirement age.<sup>13</sup>

D/M councils have so far established the women and children committees (MoI 2009) and technical facilitation committees (RGC 2009b). Procurement committees have not been established because there have not been funds transfers and management. The two established committees had not had any major activity. In the districts visited, the established committees have two to four councillors, the other members coming from the board of governors and line offices. Three of the four districts have one councillor from the opposition.

Other organisational developments since 2009 include some personnel and administrative restructuring, first started with the change to Chief of Administration, which consists of a chief administrator and two deputy chiefs. Another is the establishment of the Administration and Finance, Planning and C/S Support and Inter-sectoral offices. Another change is the appointment of district advisers and, possibly in the near future, district facilitators and technical support officers under the district administration.<sup>14</sup>

Challenges for the boards at this early stage are the lack of capable staff and of collaboration from line offices. For instance, in the preparation of the Five Year Development Plan and 3YRP, the district has to call on assistance from planning officials, a district facilitation team or an experienced member of the council.

Line offices still tend to listen to their vertical line of command. However, district officials expressed understanding for their line offices’ lack of activity and cooperation, pointing to their low salary and lack of clear functional transfers and funds. The involvement of line offices requires not just changing ways of working at the D/M, but functional and revenue assignment, which needs to come from the national level.

### 3.2. *Development Planning and Budgeting*

The districts are now finalising their first Five Year Development Plan and 3YRP, a key step in the preparation for the transfer from the D/M Fund. The government in the last two years has drafted regulations, guidelines and manuals and conducted

<sup>13</sup> Field interviews with a district governor (3 May 2011).

<sup>14</sup> *ibid.*

training on plan preparation (NCDD 2011). Two or three district staff were sent for training in how to prepare and coordinate planning.

The Five Year Plan provides direction for what the D/M administration plans to do in its term, whereas the 3YRP is its operationalisation, which needs to be reviewed annually (RGC 2009c). The plans need to be prepared and approved by the council no later than the second year of the council and be sent to the province for review and comments (MoI 2010c). The plan as approved by the council is to be made publicly available. A working group composed of the D/M governor, deputy governor, chief administrator, heads of planning and technical offices prepares the plans. It submits the plans to the board of governors and technical facilitation committee to review and advise the council before approval.

The D/M plans are based on inputs from the C/S, line offices, NGOs and the private sector. The D/M needs to summarise, synthesise and prioritise activities based on the sub-plans proposed by these actors (NCDD 2010c). Officials preparing the D/M plans indicated that their previous experience made the collecting and synthesising of commune proposals familiar. However, line offices are still catching up, for they have never prepared plans for district consolidation; they still see planning through sectoral lenses.

Officials also indicated that experience in DI projects helped familiarise them with identifying inter-communal local needs and to reflect those needs as district priorities. They also find the commune planning databases generated since 2002 very useful, especially in analysing social and economic situations. However, they still find it hard to get inputs from NGOs, and even more difficult from private enterprises that have been acting as service providers.

#### 4. Conclusions

It seems that not much has been happening if one compares what has been achieved with what is expected of the D/M. However, the key achievements are the fruits of a longer, complicated and sensitive process of political and technical discussion.

Building D/M capacity is time-consuming, but it is important not to belittle the development experiences accumulated through pilot projects. D/Ms have learned to reflect C/S voices and needs, while familiarising themselves with participatory

development, standard public financial management and technical supervision of projects.

Lastly, a lot has happened since the council election to bring the D/M reforms forward. Good research is needed to feed new evidence and ideas into the reform. It should of course touch on the specific technical issues, but a number of informal political factors are also critical and need to be explored.

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