

5 Good Governance Reform in Cambodia

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In general, the quality of governance in Cambodia is regarded by international aid donors as poor. Since the end of the Cold War, different aspects of governance have been a key concern of Western aid donors hoping to improve the country's political stability and its development performance. Consequently, in the context of heavy dependence on external aid, Cambodia has undergone twenty years of reform programmes aimed at rebuilding the state and rehabilitating civil society along the lines of liberal models. However, the record has been mixed in terms of results.

Successful integration of Cambodia into the regional economy from the mid-1990s led to spectacular rates of growth during the years of boom from 2002 to 2008, fuelled largely by regional investment from Japan, China, Korea and South East Asian neighbours. However, Cambodia remains a poor country: the economy is dominated by a poor subsistence sector and growth has been narrowly focused on urban garment factories, a tourist industry surrounding the ruined temples of Angkor, and large agro-industrial plantations established in remote areas. Political development has been equally skewed. In the years since the United Nations Transitional Authority in Cambodia organised elections that were envisaged as setting Cambodia on the path to democracy, there has been a dramatic resurgence of the dominant Cambodian People's Party (CPP). The dominance of the party over the state takes the form of networks of politicised allegiance within ministries, local government, the armed forces and public services, which are effective at excluding opposition supporters from access to government jobs and contracts, and from benefit from state development projects. At the same time, international efforts in the 1990s to foster civil society in Cambodia as a key plank of international democracy promotion strategies have faltered. Since the 1960s, decades of war, intervention and upheaval had constrained political space for contention. Although thousands of NGOs have been established in Cambodia since the formation of civic associations was legalised in 1992, political space has again closed down significantly from a high point of contestation around the turn of the century. Strategies of intimidation,

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including politically motivated assassinations of trade union leaders, defamation lawsuits against human rights activists and journalists, and police attacks against protests and demonstrations, have severely inhibited freedom of association and expression over the past decade.

Donor emphasis on the promotion of electoral democracy, human rights and political freedoms in the 1990s gave way, following the electoral victory of the Cambodian People's Party in 1998, and the shock of the September 11th attacks in New York in 2001, to a new approach comprised three main foci: stability, improvement in service delivery and improvement of the business environment. The first focus, stability, was largely achieved from the end of the 1990s as the CPP's emphasis on security and public order successfully ended the war. The second two planks were to be achieved through an ambitious programme of governance reform, comprising judicial and armed forces reform; reform of public administration and systems of public financial management in the Ministries; and devolution of both power and functions to reorganised subnational governments. Central to these reforms was the cross-cutting issue of corruption regarded as compromising public sector reform efforts, undermining attempts to promote better services, and problematizing the business environment in a manner likely to undermine economic growth. This approach to governance reform both emerged from and was enshrined in donor and government documents, including the two *Governance Action Plans*, produced in 2001 and 2006; the National Poverty Reduction Strategy produced in 2002; the government's flagship *Rectangular Strategy for Growth, Employment, Equity and Efficiency in Cambodia*, Phase 1 and 2, produced in 2003 and 2008; the *National Strategic Development Plan 2006-2010*, produced in 2005; and the *National Strategic Development Plan Update 2009-2013*, produced in 2008. These policy platforms have foregrounded the need to improve governance as a means to strengthen economic growth and promote development, reflecting concerns about governance that had been articulated since 1998 by Cambodia's western donors. The reform programmes envisaged in these analyses and policy documents were subsequently translated into detailed implementation plans, with complete with benchmarks and monitoring indicators. An apparatus of joint donor-government technical working groups was created for each area of reform, responsible for monitoring the progress of implementation.

Progress on implementation has been highly variable, suggesting that parts of these plans, at least, are formulated by the Cambodian government with an eye to stimulating flows of aid

rather than actually guiding reform policy. For example, Cambodia's performance with respect to corruption has been abysmal. In Transparency International's Corruption Perceptions Index, Cambodia ranked 158th out of 180 in 2009, falling between Yemen and the Central African Republic, a slight improvement on its 2008 ranking of 166th. (Transparency International, 2009). The update on the National Strategic Development Plan for 2009-2013 articulates a liberal position close to that of the World Bank, in relating corruption to the quality of the business environment, stating, "For RGC, the elimination of corruption is a high priority because it is an obstacle to achieving its goal of sustained high growth by fostering private sector development in order to reduce poverty." (Royal Government of Cambodia, 2009: 17).

However, the nature of corruption in Cambodia is closely connected to the political economy of efforts to achieve peace and stability over the past thirty years, and to the growth of the private sector as the foundation of politicised rural development programmes. The analysis of governance reform efforts in Cambodia presented here focuses on the nature of this political economy and the political forces thrown up by the transition from war to peace and the rapid integration of Cambodia into the booming South East Asian region after 2000.

The Political Economy of Statebuilding in Cambodia

Following the Vietnamese invasion in 1979 and the overthrow of the Khmer Rouge regime, the new Cambodian government, found themselves building a new socialist regime under the purview of Vietnamese advisors in a country where socialist ideology had become thoroughly discredited. Corruption flourished as a result of the discrepancy between Vietnamese and Cambodian government official promotion of collective farming and centralised control of prices and markets and the reality of a pragmatic slide into a shadow market economy in which ownership rights and distribution practices were facilitated by informal payments to disillusioned state cadres. In 1989, economic reforms were enacted to legalise these de facto arrangements. However, access to legal procedures in the context of an extremely violent and predatory state was more easily available to the wealthy and the well-connected, paving the way for processes of privatization that disadvantaged the subsistence sector of the economy, and the poor. Cambodia has shifted from having a remarkably equal distribution of wealth in 1989 when land rights were formally granted to the tillers, to a highly unequal distribution, particularly in rural areas, and particularly in areas of rapid

natural resource exploitation. The Gini coefficient for landholdings from 1989 to 2004 increased from virtually zero (perfect equality) to 0.63 – one of the highest levels of inequality in the Asian region. Since 2004, continued expropriation of rural land and violent mass evictions as well as a continued fostering of agro-industry through the award of large economic land concessions to firms has widened the gap still furtherⁱ. In 2007, the Land Coalition estimated that one fifth of Cambodians were landless, and the poorest 40 per cent of the population occupied only 10 per cent of the land (Star Kampuchea, 2007: 3).

These figures suggest that in the course of the fifteen years since the United Nations elections in Cambodia, a rapid and drastic social stratification has occurred, entailing the dispossession of the poor by an emerging capitalist class. Significantly, this has happened alongside the consolidation of electoral democracy, and the resurgence and entrenchment of the Cambodian People's Party (CPP) as the dominant political party. The CPP for the first time gained more than 50 per cent of the popular vote in elections in 2008. The ability of the CPP to mobilize increasing levels of electoral support in a context of rising landlessness and worsening inequality may be attributed to the particular relations forged between the CPP, the state bureaucracy, the military and the private sector over the past twenty years.

During the course of the 1990s, following narrow defeat by the returning Royalists in the 1993 election, the CPP pursued a strategy of consolidating loyalty among key sections of the elite, specifically key individuals in the police and military, among defecting insurgent units, and in sub national administration. This was achieved through offering these individuals the opportunity to amass fortunes through participation in a programme of asset stripping, primarily with respect to Cambodia's forests and fisheries, mostly located in remote and insecure areas. The Royalist-led government had little control over these areas: such control as existed was by virtue of informal links via the networks of patronage and comradeship forged by the Cambodian People's Party during the 1980s. The CPP's facilitation of wealth accumulation on the part of key individuals in the military, the provincial administration, the customs service and police, and various line ministries across the country, via privatization of common resources and tolerance of high levels of corruption, smuggling and other illegal activities on the part of state officials, made these networks stronger at the same time as they undermined efforts by the Royalist party to stamp its authority on the government elected in 1993.

Following the CPP's election victory in 1998, the party pursued a different tack, using donor-sponsored institutional reforms to cement power in the hands of the central government and instituting laws over forestry and land which gave the central government better control over the award of forest and land concessions in remote parts of the country. As the economic boom began in the early 2000s, this enabled the party's leader, Prime Minister Hun Sen, to award significant tracts of land and forest to Cambodian tycoons and foreign investors prepared to support his, and his party's political platform. In return for preferential treatment, businessmen were required to make large donations to party-sponsored development projects across the rural heartland of the central plains, building schools, roads, pagodas and irrigation schemes. The lavish spending on these Party projects significantly outstripped state development budgets, and created a strong base of support for the Party in the most densely populated and electorally significant rural areas, particularly since it was clear that villages and individuals that voted for the opposition would be excluded from benefiting from Party-related largesse. However, it caused economic misery and political contestation in the peripheral areas where land and forest concessions were awarded, and in urban areas where the poor were evicted en masse to make way for shopping malls and hotels.

This political model, combining predation with neo-patrimonialism, has been successful in eliciting election wins and powering economic growth during the boom years, but it differs substantially from liberal prescriptions for good governance. The ability to elicit donations from businessmen and spend these on highly politicised development projects, specifically presented to the population as gifts from patrons that are expected to be reciprocated during elections, is dependent on the maintenance, by political party leaders, of absolute discretion over contracts, concessions and distributions of budgets. As such, it militates against the emergence of regulatory regimes that can preside over such functions as procurement, budget execution and development planning in the interests of transparency, fairness, and efficiency. An important factor in the success of this model of development is the weakness and disorganization of countervailing alliances. Experience elsewhere in Southeast Asia suggests that three likely sources of opposition to the emergence of a predatory elite of this kind: a politically assertive middle class and/or organised labour; a private sector that competes internationally and is not dependent upon the state for contracts and licences; and international pressure from donors and investors. In Cambodia, none of these potential

sources of opposition has so far proved capable of forging a solid political alliance capable of withstanding the resurgence of the CPP.

There are a number of reasons for this. First, during the Cold War, Cambodia suffered an unusual degree of destruction of civil society organisation. Every regime from independence onwards paid an extraordinary degree of attention to the rooting out of potentially dissident groups, and the imprisonment or summary murder of their members. This was facilitated by the articulation of a strident and paranoid nationalist ideology which uniformly branded regime opponents *agents provocateurs* working for neighbouring countries bent on annexing Cambodian land. This rhetoric reached its apotheosis under the Khmer Rouge regime of 1975 to 1979, during which more than a million Cambodians died and all forms of independent social organisation including the family were targeted by policies of dissolution via forced collectivization. However, it is a rhetoric that was already familiar to Cambodians decades before the Khmer Rouge came to power, and still resurfaces during election campaigns in Cambodia today.

Because civil society organization was so severely repressed during the Cold War, post-Cold War efforts to revive it had little to work with. Contemporary Cambodian civil society organizations tend to take one of three forms: informal micro-organizations operating at village or commune level to organise sharing of communal resources; formal and professional non-government organisations, dependent upon international funding and highly oriented towards international development agendas; and ad hoc social movements which form to articulate the concerns or demands of particular communities at particular times, but which are generally quite fluid and temporary in their organization. The first of these kind of organizations have not developed political agendas, and in contemporary Cambodia tend to be the target of party benevolence and control. The second are formally independent of government, but most have a service-delivery mandate, in areas such as health care and education, which involves working closely with government to fill the gaps in local services. The nature of their relationship with government has entailed that these organisations, although occasionally advocating for particular policies in their field of expertise, rarely take a stance of public criticism of government or of governance processes. The third of these types of organization have been the target of renewed repression over the past ten years, including bans on public rallies and demonstrations; police attacks on picket lines and villagers defending their homes during forced evictions; roadside assassinations of leaders;

and use of defamation laws to silence influential national-level critics. As a result, despite repeated urban rejection of the CPP at the polls in every election until 2008, urban protest movements have withered over the past ten years, and both the urban middle class and the poor have failed to form organizations that can effectively pressure the government.

Furthermore, the development of the private sector has not led to pressure on the government to improve governance performance. The Cambodian business elite have almost uniformly emerged from the exigencies of the 1980s state. During the 1980s, state officials presiding over failed policies of collectivization and socialist production were in a position to facilitate and profit from practices of illegal private production and distribution, and particularly cross-border smuggling. Following the emergence of free market policies in the late 1980s and the rapid privatization of common resources and state assets that accompanied this, these officials legalised their businesses and set up companies which dominate the Cambodian private sector today. Some of the most prominent tycoons bankrolled particular battles or campaigns in the ongoing civil war, and in return were awarded state contracts and licences to monopolise particular types of imports. A key example is the Thai Bunrong company, whose president Teng Bunma in the 1990s boasted that he had paid for the government's successful assault in 1996 on the gem-mining town of Pailin. In return for this, Thai Bunrong, and other companies owned by Teng Bunma's children were offered a variety of contracts, including the monopoly on electricity supply to the town. Similarly, the Sokimex company of Okhna Sok Kong made a number of loans to the CPP to fund key political and military campaigns in the 1990s, and was subsequently able to buy the state-owned petroleum company on its privatization in 1996, and was awarded the monopoly on petroleum imports to Cambodia as well as the contract to be sole supplier of uniforms and pharmaceuticals to the Cambodian military, and a five-year contract to sell tickets to the tourist mecca of Angkor Wat.

Since the mid-1990s, foreign investors have also played an important role in the Cambodian economy, particularly in the garment manufacturing industry which before the global financial crisis accounted for 17 per cent of Cambodian GDP (World Bank, 2007a). The industry is dominated by investors from the region, particularly Malaysia and Taiwan. The Garment Manufacturers Association, formed to advocate for the interests of the industry, has a close relationship with the government, and has reportedly been only partially successful in

its backroom lobbying for government to exercise greater control over, for example, Customs demands for informal fees from garment manufacturing companies. However, for the Garment Manufacturers Association, as for other international investors in Cambodia, the CPP is able to offer other enticements: in particular, stability in a context where rioting and attacks on foreign (Thai) businesses occurred as recently as 2003; and control of the labour force. The labour force in the garment industry is highly unionised and in the early period of establishment of the industry strikes were a common occurrence. However, the CPP has managed to co-opt most unions, through a combination of patronage of pro-government unions and murder of anti-government union leaders, thus giving it a degree of leverage over garment industry employers. The Garment Manufacturers Association, consequently, has not emerged as an organisation that is likely to challenge the CPP over governance practices.

International pressure from donors has also been relatively ineffectual. Partly this is due to the inability of western donors to form a united front in pressuring the Cambodian government. Partly it is due to the difficulty of challenging a government which presents countless action plans and policy statements that conform to donor stipulations, and follows this with endless plausible excuses for inability to implement these. Partly it is due to the fact that since the early 2000s, Cambodia has received significant assistance and investment from China, which has little interest in promoting particular governance practices, and is much more interested in gaining leases on large tracts of land for the establishment of plantations.

The Failure of Anti-Corruption Initiatives

For these reasons, serious political alliances in support of good governance reform are hard to find in Cambodia, and efforts by international donors to forge them have often foundered due to the difficulty of finding local partners willing and able to engage in such struggles. The fate of a recent effort by USAID to promote a civil society advocacy campaign on corruption offers an example. In 2005 the US Agency for International Development, via the international NGO Pact Cambodia, began funding civil society activities to raise awareness of the impact of corruption, and encourage citizens' participation in anti-corruption activities. This led to a civil society campaign called the Clean Hands campaign, organised by a group of Cambodian NGOs calling themselves the Coalition of Civil Society Organization Against Corruption (CocSOAC). CocSOAC organised a number of events including a million-signature petition against corruption, delivered to parliament shortly before the national

elections in 2008; and a televised music and comedy concert held in the national Olympic Stadium in front of 50,000 people in 2009 to spread the anti-corruption message.

While the ruling Cambodian People's Party refrained from responding to the petition, the concert prompted a political backlash after the US Ambassador, Carol Rodley, in the opening speech made at the event, claimed that corruption cost the Cambodian Treasury \$500 million a year (Rodley, 2009). This comment attracted strong criticism from the Cambodian government. Chair of the government's ineffectual Anti-Corruption Unit, Senior Minister Om Yenteng, a close advisor of Prime Minister Hun Sen, said at a press conference that Rodley's statement "strongly affects the honour and reputation of the Cambodian government," (AFP, 2009) while the Ministry of Foreign Affairs wrote to the US Embassy claiming that the accusations were "politically motivated and unsubstantiated" (). The Cambodian Ambassador to the UK, Hor Nambora, member of a well-connected Cambodian political family, claimed Rodley's comments "inflammatory" and "politically motivated" (Nambora 2009) and suggested that Rodley might be perceived as "having allied yourself with the discredited views of the international pressure group Global Witness which continually engages in virulent and malicious campaigns against the Royal Government of Cambodia." (ibid).

The linking of the anti-corruption with Global Witness - an international NGO that was expelled from Cambodia in 2007 following its exposure of government connivance in forestry crimes, and whose local members have been violently attacked, effectively repressing protest over forestry issues - cast a chill over the anti-corruption movement. Pro-CPP television stations subsequently hosted comedy shows in which comedians - some of whom had previously performed anti-corruption sketches as part of the Clean Hands Concert - parodied anti-corruption NGOs as themselves lazy and corrupt, living off ill-gotten gains from interfering foreign donors. Sketches showed foreign NGO workers faking scenes of violent evictions, lazing around in villas and visiting prostitutes, and local NGO workers paying villagers to put their thumbprints on anti-corruption petitions (Campbell, 2009: Duffet, 2009). An anti-corruption law was finally passed in early 2010, following fifteen years in the drafting process, perhaps reflecting a perception within government that both international donor and Cambodian public pressure was building on the issue. However certain provisions in the law - such as the article mandating up to six months' imprisonment

for whistle blowers making accusations that ‘lead to fruitless investigations’ (Royal Government of Cambodia, 2010) – seemed certain to render it ineffective.

The backlash against civil advocacy on the corruption issue represents a significant threat to Cambodian NGOs, who have long lived under the shadow of government interference, including threats of court action on charges of disinformation and defamation, and threats of new legislation to control them. It further indicates the sensitivity of the government on the corruption issue, and the links explicitly drawn, in the government’s various responses, between anti-corruption activities and the forestry and land regimes underline the extent to which areas of governance which relate to the key concern of the Cambodian People’s Party – the retention of discretionary control over the disposal of Cambodia’s natural resources – are off limits to would-be reformers. Similarly, other governance areas, such as judicial reform, which could impinge upon this imperative, have languished, along with sections of the public financial management reform program associated with increasing the regulation of control over budgeting.

The World Bank and the Demand For Good Governance Programme

In a climate where many of Cambodia’s donors are retreating from putting money into governance reform programmes, citing poor performance and lack of political will on the part of the government, the World Bank in 2008 launched a US\$20 million ‘Demand for Good Governance’ programme that is intended to promote citizen involvement in holding the government to account in a range of areas. In a press release announcing the project, the Bank, in line with the approach underlying its similar programmes in other countries, explicitly linked it to the anti-corruption agenda, remarking:

Good governance is increasingly recognized as a fundamental prerequisite for sustainable development. It’s opposite—corruption—is also recognized as a major impediment to efficient and effective government, with a disproportionate impact on the poor. Stimulating citizen demand for better governance has become a fundamental tool for more transparency and accountability in public affairs, and an integral part of the World Bank’s governance and anti-corruption strategy (World Bank, 2008a).

However, World Bank officials familiar with the situation in Cambodia are more tentative in claiming that the programme might have a specific impact on anti-corruption campaigning, pointing to the backlash against the Clean Hands movement, and suggesting that a much more cautious approach was needed which could lay the groundwork for more modest reforms.

The Demand For Good Governance project was founded upon a series of evaluations by the Bank of the role of civil society in promoting good governance in Cambodia. Key reports commissioned in 2005 and 2007 had concluded that civil society organisations could be harnessed more effectively to ‘demand-side’ governance initiatives, if they could be better linked to government and citizens through new approaches to campaigning (Burke and Vanna, 2005; Malena and Chhim, 2009). In making these assessments, the World Bank drew explicitly on its own demand side agenda, seeking to evaluate the scope for shifting civil society activism ‘from shouting to counting’ in the Cambodian context. This prompted the launch, by the Bank, in 2008 of the Programme for Enhancing Capacity for Social Accountability (PECSA) in Cambodia. PECSA incorporated four goals: training civil society organizations in social accountability techniques; adapting what were called ‘global accountability practices’ to the Cambodian context; providing grants for experimenting with social accountability projects; and supporting networking between groups doing social accountability work. The PECSA project also entailed a number of two-week intensive ‘social accountability schools’ in which individuals drawn from civil society organisations in Cambodia and from selected Cambodian government agencies were trained in social accountability techniques by trainers imported from Ateneo University in Manila’s School of Government. Those social accountability scholars who showed the most promise were also taken on ‘exposure visits’ to see social accountability in action in a range of projects in the Philippines and in India.

PECSA engaged members of more than 100 civil society organisations in Cambodia, and sought to systematize the ad hoc experimentation with techniques such as citizens report cards and service user groups that had been associated with a range of donor programmes in different areas of Cambodia in the past. Graduates of the PECSA programme were given small scale funding for projects; subsequently the Demand For Good Governance programme offered a total of US\$4 million of funding to provide grants to Non-State Actors

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to engage in partnerships with government institutions in social accountability projects. The Demand for Good Governance also targeted selected state agencies for assistance. Agencies selected were those regarded as either already experimenting successfully with accountable practices, or as open to reform programmes. Accordingly, four agencies were highlighted in the programme: the Arbitration Council under the Ministry of Labour which arbitrates between employers and unions in industrial disputes in the garment industry; a talkback radio show produced on the state radio station Radio National Kampuchea, under the Ministry of Information; a project experimenting with One Window Service Offices in two provinces under the auspices of the Ministry of Interior; and the law dissemination department of the Ministry of National Assembly Senate Relations and Inspections. The four programmes were regarded as programmes that were already successful, albeit in a small way, in promoting accountability and transparency, and as opportunities to experiment with more challenging social accountability practices (Bhargava, 2009). The DFGG programme was launched following extensive discussions with the Cambodian government, and representatives of the ministries concerned, and is currently run through a Project Coordination Office based in the Ministry of Interior. In examining this programme in the context of this article, two questions arise. First, what is the significance of the DFGG approach in the context of Cambodia? And second, assuming that it has some significance, what ideological agenda does the Cambodian government see this as serving?

For the World Bank, the significance of these programmes is twofold. First, it provides an opportunity to overcome a longstanding attitude of distrust between the Cambodian government and civil society, fostering “a culture of constructive engagement that NSAs [Non-State Actors] would carry over to other contexts.” (World Bank, 2008b) and it provides an opportunity to initiate better standards of governance within Cambodian state institutions. Although the institutions selected are not directly related to the key areas of natural resource management and land in Cambodia, and consequently do not tackle head on the political economy of corruption that underpins Cambodia’s contemporary political regime, they do, Bank officials suggest, offer opportunities for the government to experiment with new ways of working. According to a Bank official who led the project in its inception phase,

We know there are certain things that are off limits. For example, what has happened with PACT and USAID. It is not explicitly written but it happens. The government will make sure that line is not crossed.... We are trying to close the

gap between what is theoretically possible and what is actually happening. Without pushing the frontier, we can do a lot that isn't being done. Hopefully the frontier will move, but we can do a lot of things up to the frontier that weren't being done. (Bhargava, 2009) ⁱⁱ

In initiating the programme, the World Bank anticipated a risk that the government would acquiesce to the programme provided it remained marginal to key concerns, then move to neutralise it if it seemed to be mobilizing citizens effectively. Consequently, the Bank went to quite considerable lengths to ensure that key ministers, including the Prime Minister himself, had been fully briefed on the implications of the project (Bhargava, 2009). Preparations for the programme included a high profile launch in which Minister of Interior and Deputy Prime Minister Sar Kheng appeared on Cambodia television announcing the project.

Research suggests that the Cambodian government has not entirely embraced the aims of the project. For example, Secretary of State of the Minister of Interior, Ngy Chanphal, in charge of overseeing the Project Coordination Unit that runs the DFGG programme noted in an interview that when translated into Khmer, the programme was called the "Local Governance Project" rather than the "Demand for Good Governance Project," because:

There was some complaint about the title. The word demand means demanding, imposing forcefully. This is not really good... So when the World Bank brought this project we changed the title in Khmer to Local Good Governance Project. In Khmer we would not accept this kind of demand. (H.E Ngy Chanphal, 2009)

In the same way, NGO participants in the project pointed to a difference between the government and the World Bank in translating the term accountability itself. While the World Bank preferred *tetuel koh trew* which means a broad sense of responsibility or obligation, the government insisted upon using the invented term *koneakdeypheap* which has a much narrower meaning, more associated with accountancy. (Silaka, 2009). The government's care on the use of terminology is indicative of its concern to impose a particular ideological framework on the project. The decision to substitute the idea of 'demand' with the idea of 'local' governance is particularly interesting, since acceptance of

the programme on the part of the Cambodian government fits well with a series of experiments the government has recently undertaken with respect to decentralization, and it is here that powerful political coalitions of support for changes in approaches to government that could be regarded as in line with donor reform prescriptions can be most clearly identified.

Good Governance and Local Governance

Decentralization of government is regarded in recent development orthodoxy as providing promoting good governance by bringing government closer to the people, thus reducing the costs to the poor of organising to demand better service. The Cambodian government maintains that its interest in decentralization is in promoting what it calls ‘democratic development’ at local level and in this area, at least, it appears that good governance reform is being promoted by the government.

For example, the Strategic Framework for Decentralization and Deconcentration of Governance in Cambodia, produced in 2005, stated that the reform programme for subnational government in Cambodia has two ‘strategic goals’: strengthening and expanding local democracy, and promoting local development to reduce poverty. Consequently, according to the Framework, reforms will be based on four key principles: democratic representation; public participation in decision-making; effectiveness in service-delivery; and public sector accountability. With respect to the latter, the Framework states, “Reform will strengthen accountability at all levels of administration and facilitate citizens' oversight of the administrative and financial affairs of those administrations.”(Strategic Framework, 2005)

Underlying these principles are two concerns that have emerged as central to the legitimization strategy of the Cambodian People’s Party over the past ten years. First, the CPP has consistently campaigned, during electoral campaigns as well as at other times, on its effectiveness – its ability to ‘get things done.’ The power of the CPP to mobilize resources and to deliver tangible local development goods such as school buildings, roads, irrigation schemes, temple renovations and so on is central to the party’s image and dominates television news broadcasts. In doing so, the party draws upon its supporters in the private sector: Cambodian tycoons compete with one another to donate to the party’s development projects, in return for receiving honours such as the title of *Okhna*, bestowed when one has contributed \$100,000 or more to such initiatives. The symbiotic nature of the relationship

between state, party and business is revealed through both television reports of the generosity of *Okhnas* to the Cambodian poor, and the frequency with which *Okhnas* receive state contracts. Of 19 contracts to develop Special Economic Zones awarded to Cambodian businesses, for example, 13 were awarded to *Okhnas* (InvestinCambodia); other owners include the PM's sister in law. Some of the same *Okhnas* have also been identified by the NGO Global Witness as recipients of lucrative logging concessionsⁱⁱⁱ and are currently listed on the Ministry of Agriculture, Forestry and Fisheries website as recipients of large economic land concessions: state-awarded leases of thousands of hectares of agro-industrial land in the north of Cambodia intended to be used to establish plantations^{iv}. Three of these *Okhnas* - Ly Yong Phat, Lau Meng Khin and Mong Rithy - have also been appointed to the upper house of Cambodia's parliament as CPP senators.

The Cambodian People's Party has developed a highly efficient system for mobilizing popular support across Cambodia's rural heartland, whereby government officials are allocated districts within which they are responsible for coordinating development projects paid for both via the state budget, international aid projects and donations from these tycoons. High-ranking ministers and secretaries of state are expected to spend their weekends overseeing these projects in liaison with party working groups based at district level. In turn, the district level party working groups liaise with elected commune councils.

To some extent, ideas underpinning good governance mesh well with this system. Secretary of State Ngy Chanphal, who leads the Demand for Good Governance/Local Governance Programme Coordination Unit in the Ministry of Interior, commented on the improved co-ordination between central and local government since the election of the commune councils in 2002, and the significance of this for the CPP's national electoral strategy:

Now they continue to improve – they help the government to fulfil assignments that we couldn't do alone. It is very challenging – a ten-year programme of changing behaviour of people and of government officials as well. The new civil servants should not be the master of the people, but the public servants. We want to make services better: we are trying, working as a political party, we are required to work in our home districts. Now what happens down there – people bring it back to the government to hear. We have very good support from the people.

Buying votes is not going to help. We have to prove that we work well and explain government policy, really do things. We have to be involved infrastructure et cetera. The people see it. And you cannot trust that they will vote for you if you don't do this (H.E Ngy Chanphal, 2010).

This policy of working at the 'grassroots' or the 'base' to mobilize participation and support is integral to the CPP's success in cementing its hold on power over the past ten years^v. Government officials such as Ngy Chanphal describe the system as a form of homegrown democracy: "Now we have a very democratic society – from the grassroots up, this is not imported from somewhere... Doing reform and economic development, ensuring the sustainability of the livelihood of the people is the main objective" (H.E Ngy Chanphal, 2010). Some analysts have regarded this as a shift from the elite patronage surrounding forestry in the 1990s, used to cement the CPP's political alliances and end the Khmer Rouge insurgency, to a form of mass patronage that could represent a precursor to democracy^{vi}. However, there are important limits, in this system, to the kind of critical response that villagers are permitted to exhibit, and this significantly restricts the extent to which the system may evolve towards greater assertiveness on the part of the poor. Development, in the CPP's model, represents a form of 'gift' given by meritorious benefactors to the poor out of a sense of moral obligation that combines ideas of socialist mobilization with Buddhist conceptions of merit-making and compassion for the poor. The repeated reference to development projects as "gifts" provided by *saboraschon* – generous people – in newspaper and television reports, and of the joyous gratitude of the recipient poor underlines the powerful moral tone of these activities^{vii}.

There is, arguably, a sharp disjuncture between this approach and democracy. The *noblesse oblige* approach of the *saboraschon*, even when explicitly wedded to vote-winning for elections, differs from true democratic control of development trajectories. The assumption of unanimity of purpose, explicitly mobilized in the CPP's development rhetoric, allows attention to be focused away from the question of how development might be conceptualised and towards the question of who is self-evidently best-placed to deliver it. With respect to the purpose of development there is, in fact, almost no public discussion within Cambodia whatsoever. The Special Economic Zones and Economic Land Concessions that form the key to the government's industrialization strategy and provide the profits which help to fund the CPP's rather fixed notion of 'rural development' have never been publicly debated in any

inclusive forum that offers a voice to the poor; indeed, they represent the outcome of backroom deals between elite networks held together by patronage and corruption.

As such, the CPP's model of democratic development specifically excludes any form of political contestation of questions of substance, forming rather a way of mobilizing participation into pre-determined agendas, and at the same time offering opportunities for better information about mismanagement or resources or abuse of power to flow up through Party – not state – structures. While this has certainly improved the atmosphere within Cambodian villages, in comparison to the widespread climate of fear of local authorities that prevailed in the 1980s and 1990s, it allows only the most superficial of discussions over government 'effectiveness'. This is how the Demand for Good Governance programme appears also to be conceptualised within government. Although intended to provide opportunities for citizens to participate in monitoring government activities, for example through citizens' audits and citizens' report cards, this monitoring is oriented, first, towards supplying higher levels of government with data they can use to discipline and control local level officials; and second, towards encouraging citizens to engage with government in ironing out questions of effectiveness, rather than in developing powerful non-state movements that might challenge the government's overall trajectory.

As such, the programme can be interpreted as a means for the government to use good governance reform to perfect already powerful systems of grass-roots mobilization associated with the provision of small scale development programmes. The championing of the programme by Minister of Interior Sar Kheng is in line with this perspective. The Ministry of Interior is the lead Ministry for the government's broader decentralization and deconcentration programme, with responsibility for maintaining discipline over newly elected councils at commune, district and province level, and over the civil servants seconded from various ministries to serve these councils. This entails a need to be informed not only about their performance but also their political loyalty. Consequently, the Ministry of Interior can use good governance reforms such as the promotion of social accountability techniques or talkback radio shows to elicit information from citizens that can help it to do its job.

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It is important to point out that there has been far less enthusiasm for both decentralization in general, and for governance reform in particular, from other ministries in the Cambodian Government. The powerful Ministry of Economics and Finance (MEF), for example, has been less enthusiastic. The MEF has a minimal role in local level mobilization, although it is charged with monitoring the way that subnational councils spend their budgets. More important, however, in Cambodia's political economy is the MEF's role as drafter and disbursing officer of the national budget, collector of revenues, and controller of public procurement for contracts in amounts over 1.3 billion Cambodian riel (about US\$350,000). Thanks to these strategic positions, the MEF has long acted as a clearing house for funds being siphoned from state to party coffers, a role which certainly makes the Ministry more cautious about even the most tentative steps in the direction of social accountability. As such, the MEF has been a more difficult interlocutor for World Bank officials working on the Demand For Good Governance programme. Pre-existing projects initiated by NGOs aimed at monitoring activities within the Ministry of Economics and Finance, specifically the national NGO Forum's Budget Monitoring Project which advocates for better public access to information about the national budget, have not so far been picked up by the Demand for Good Governance Project, despite their evident close relation to the aims and objectives of the social accountability agenda, reflecting, arguably, the caution within the World Bank regarding overstepping the government's line on what are acceptable advocacy issues.

The different roles of the Ministry of Interior and the Ministry of Economics and Finance in the political economy underpinning the current Cambodian political settlement are reflected in their different stances on the issue. For the Ministry of Interior, expanding controlled sources of information about potentially wayward subnational councils is a key aim, and entirely consonant with the Party's vote-winning national development patronage system which requires a close eye be kept on the way that subnational councils deal with donated funds. For the Ministry of Economics and Finance, dealing with the other end of the state-party-private sector relationship relating to taxation, customs, and state procurement, offering citizens an oversight role over the administration of public funding appears a much more threatening proposition.

NGOS and the Demand for Good Governance

A key question over the effectiveness of the Demand for Good Governance programme is the extent to which it is likely to promote the position of civil society associations to form

assertive alliances for reform. The Demand for Good Governance programme, in line with recent donor thinking, focuses on the idea of ‘constructive engagement’ between the state and civil society in achieving improvements in governance. The Demand for Good Governance programme incorporates a requirement that any grant-funded initiatives under the scheme should be conducted in a spirit of ‘constructive engagement.’ This clause is explained by World Bank officials as merely a requirement that “someone in government knows what you are planning to do and is prepared to listen – otherwise what is the point in doing it?” For Ngy Chanphal, the clause has rather more significance than this, and implies incorporation of NGOs in government initiatives:

“The NGOs have to understand the reform agenda of the government. We will not provide funding to NGOs who want to bring the government down. We want to improve service delivery and build a partnership together. A small number of NGOs are not working in local governance – these are human rights and corruption NGOs.... But working in local development, only a few NGOs are politically oriented. They have an attitude of unconstructive engagement. We can’t afford to have fighting with each other. Democracy is not mature yet, but we will achieve this through economic development and political stability growing together.”(H.E Ngy Chanphal, 2009)

The implication here is that human rights and corruption NGOs are ‘politically oriented’ and therefore will not be allowed to engage because their agenda is to ‘bring down the government’; but that, in any case, these NGOs are not working in ‘local development’ so they are irrelevant to the programme.

The distinction drawn between ‘political’ NGOs and ‘local development’ NGOs is a long-standing one in Cambodian politics, and represents a second aspect of the utility of the Demand for Good Governance programme for the Cambodian government. For the Ministry of Interior, local development NGOs can be regarded as an extension of government, via constructive ‘partnerships’, helping the central Ministry to monitor the practices of local government and make up for any shortfalls at a time when the structure of local government is changing rapidly under the influence of decentralization reform: “civil society can help to

monitor subnational councils, work with subnational councils at district and province level and bring more local knowledge.” For Ngy Chanphal:

One of the main assets for Cambodia is that we have 2400 NGOs. Now they have capacity – they are doing a lot more work. In remote areas, only those working with NGOs know what’s going on there. Their work is complementary to Government (H.E Ngy Chanphal,).

In a context where NGOs are highly dependent on external funding, the US\$4 million available via the Demand For Good Governance scheme offers an opportunity for the Ministry of Interior to cement its relationship with ‘constructive’ NGOs:

We have a principle of constructive engagement – it is clear that those that are not supporting the government will not be funded. But NGOS working to support the reform agenda – reform is life or death for Cambodia.(H.E Ngy Chanphal)

For Cambodian NGOs who participated in the PECSA and DFGG programmes maintaining an independent stance and a critical voice in the context of such programmes is difficult. Furthermore, most NGOs in Cambodia are professional rather than membership organisations, reliant upon external donor funding. Maintaining a continued flow of such funding already implies walking a fine line between maintaining government tolerance for their activities, and maintaining a reputation both for political independence and for competence and impact in the eyes of external donors. NGO graduates from the PECSA programme questioned whether entry into DFGG-style partnerships with a government that sought primarily to elicit rather than share information would be beneficial to their organisations:

What is the benefit for NGOs from this? There is no clear answer.... There must be consultation first, to figure out whether they [the government] are willing or not. If we start monitoring the budget, how they spend it, the relationship will be put into question. There must be clear points to say that if you do things in the good governance area and get some pressure from the police, or from the provincial governor, you can come to us, there is a mechanism, or something like

that. Then again, getting information on government money is not easy and if we fail we will lose credit with the donors (Silaka, 2009).

Another graduate of the programme, who went on the visit to India, commented similarly on the significance of the political environment in Cambodia, “The Indian government is very democratic: because of full democracy, the level of threat is almost zero. People can say what they want to say.”

In Cambodia, by contrast, this interviewee suggested, most of the NGOs that were likely to have the capacity to implement social accountability work “are working for advocacy for change within government, so the government is not happy to work with them.” (Soeung Saroeun, 2009). From the NGO perspective, the DFGG programme was highly risky: fragile relationships with government could be damaged, while international donors would be displeased with failure. On the other hand, the lure of World Bank money was great – for NGOs competing in the highly competitive aid market, a World Bank grant was regarded as ‘CV-building’. It could be used as evidence of the NGO’s worthiness when applying for other grants, and was consequently worth taking risks for.

However, NGOs were also concerned that the constructive engagement criterion risked reinforcing the divide asserted by the World Bank report and by the government between constructive and oppositional NGOs, and reasserting the area of natural resources – land and forestry governance – in particular as a no-go area for assertive struggle on the part of civil society.

Implications for Donors

This analysis suggests that understanding both the constraints and the opportunities for good governance reform in Cambodia requires a more differentiated understanding of both the interests and the ideologies of different governmental and non-governmental agencies than has been apparent in donor planning to date. Although donors are aware that the Cambodian government has a poor record of sticking to its governance action plans, there has been a tendency to treat the Cambodian government as an undifferentiated block with identical interests. In fact, the political economy of CPP rule entails different efforts aimed at

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maintaining the support of different sections of the population, and these assume different levels of importance at different times, depending upon the stage of the electoral cycle, the need for party funding, and the opportunities offered by the level of national economic development and the global investment climate. As these change, certain aspects of government responses to governance reform alter, while other core concerns, particularly related to the maintenance of discretionary control over natural resources, remain remarkably stable.

This suggests that a reconceptualization of reform is needed in order to make political economy analysis more useful to donor agencies. Reform has often been regarded by donors simply as the implementation of a set of progressive policies. However, the analysis above suggests that particular policies can be framed within sharply divergent ideological perspectives, with the implication that apparently enthusiastic reformers may turn out to share few of the donor's underlying assumptions. This different framing is not always easily apparent, particularly where loose translations of development jargon into national languages allow particular policy slogans to take on new connotations, which officials within donor agencies may either be unaware of, or be unwilling to recognise given the imperative to disburse aid moneys.

This analysis also suggests a need to rethink the nature of opponents to reform, and their relationship to reformers. Development agencies often assume that local reformers are the opponents of more obstructive 'vested interests', but the analysis above shows that this is not always the case. The Ministry of Interior and the Ministry of Economics and Finance in Cambodia are associated with different, and perhaps rival, party lines, and have different interests in terms of fulfilling party work; yet they remain dedicated to the cause of the Party, a goal that is antithetical to the liberal democratic ideals of western donors.

Similarly, civil society organisations, even though more likely, in the Cambodian case, to share the donors' liberal ideals, evaluated the Demand for Good Governance project in the light of their own interests. These prominently included concern to preserve their ability to continue to work, through preserving tolerant relations with government and preserving a reputation for soundness and effectiveness among donors. A number of civil society representatives engaged with the Demand For Good Governance programme primarily because it offered opportunities to build relationships either with government or with donors.

These goals were more important than the governance reforms themselves – in particular because most NGO representatives interviewed for this project were sceptical of the chances of success in reforming government. Once again this suggests a more complex picture with respect to reformers, who see project activities as a means of investing in long term relationships rather than as a means of achieving better governance.

Earlier in this monograph we have developed a typology of reformers which includes opportunists and tacticians, as well as dedicated ideologues. This analysis suggests that the boundaries between these three groups may in practice be blurred, since dedicated ideologues may join projects that they agree with but see as destined to fail, for tactical reasons. The question for donors, faced with such issues, is how far to tolerate tactical, as opposed to dedicated, support, and how to distinguish between them in contexts where both motivations might be present.

This perspective on reform and reformers suggests that orthodox understandings of reform as consisting of a one-time change from one set of policies to another, promoted by progressive reformers and resisted by vested interests, is mistaken. What donors instead are confronted with is a set of groups which co-exist in shifting relations, and whose commitment to promoting and preserving relationships is often as significant as its commitment to reform. Negotiation – the success of which is also dependent on the nature of relationships invested in in the past – to bring in tactical interests, or to try to finesse the differences between distinct ideological standpoints is central to the success of reform programmes, and must be ongoing, reflecting the essentially contingent nature of alliances for change. Donors need to recognise this, not only in order to inject a level of realism as to what can be achieved, but also in order to develop new and better strategies for intervention.

Notes

- i Measures of consumption inequality by the World Bank suggest a rapid increase in consumption inequality in rural Cambodia between 1993 and 1997, and again between 2004 and 2007. The World Bank attributes this rise in inequality partly to geographical factors (poor soils in some regions etc.), partly to individual differences in talent and entrepreneurship and partly to the extent to which households are able to access local government services via the payment of bribes and the use of connections (World Bank, 2007b: vii-viii. Consumption inequality figures for 2007 provided by Stephane Guimbert.)

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- ii The reference to PACT and USAID is a reference to the government's criticism of the US Ambassador's remarks at the Clean Hands Concert
- iii These include Okhna Ly Yong Phat, developer of the 335 hectare Neay Koh Kong SEZ and the 1,750 hectare Kiri Sakor Koh Kong SEZ; Okhna Lau Meng Khin, developer of the 178 hectare Sihanoukville SEZ1 and the 1,688 hectare Sihanoukville SEZ 2; and Okhna Mong Rithy, developer of the 100 hectare Okhna Mong SEZ. According to Global Witness, the same business tycoons have also been awarded concession for mining, monopolies on imports and contracts for utility supplies and providing supplies to the military (Global Witness, *Cambodia's Family Trees*, p.11). Global Witness estimates that Lau Meng Khin's company, Pheapimex, controls 7.4 per cent of Cambodia's total land area through its logging and economic land concessions (Global Witness, *Cambodia's Family Trees*, p.77).
- iv Okhna Lau Meng Khin is listed as company director of Pheapimex, which Ministry of Agriculture Forestry and Fisheries website
- v A more detailed exposition of the internal functioning of this system is laid out in David Craig and Pak Kimchoeun, "Party Financing of Local Development Projects," in Caroline Hughes and Kheang Un eds., *Cambodia's Economic Transformation*, (Copenhagen: NIAS Press, 2011) forthcoming
- vi For a more detailed discussion, see Caroline Hughes, "The Politics of Gifts: Generosity and Menace in Contemporary Cambodia," *Journal of South East Asian Studies* 31.3 (2006): 469-489

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