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Rural Development and Decentralization in Cambodia

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1. Introduction

The Cambodian economy grew on average around 7 percent each year from 1994 to 2015 and the poverty rate dropped to 17.7 percent in 2012 from 34 percent in 2008.¹ However, despite this, the vast majority of families who escaped poverty still stay significantly near the poverty line (the ‘near-poor’), and around 90 percent of them live in rural areas.²

After civil wars covering several decades, rural development has been a priority for the Royal Government of Cambodia (RGC). But at the same time, the RGC has acknowledged that central government has a limited capacity to manage rural development.³ In this context, the RGC has pursued administrative decentralization through the adoption of legal instruments, inter-ministerial cooperation and local government elections in order to move administration closer to the people and improve sustainable development.

Rural development is “*a strategy aiming at the improvement of economic and social living conditions, focusing on a specific group of poor people in a rural area. It assists the poorest groups among the people living in rural areas to benefit from development*”.⁴ According to academic papers and reports from international organizations such as the World Bank, Asian Development Bank (ADB) or the United Nations Development Program (UNDP), decentralization is the process of transferring political power and authority from the central government to sub-national governments: Eaton, Kaiser and Smoke (2010), Joshua (2009) and Schneider (2003) maintain that there are three types of decentralization - political, administrative, and fiscal. Local government is established through direct voting by local people to choose councilors as their representatives. It involves people participating in decision-making processes on local issues (as cited in Rusten, Kim, Eng and Park, 2004). Rural development and decentralization share the same objectives relating to the reduction of poverty in the rural or local areas.

This paper will describe decentralization as a catalyst for rural development in Cambodia by focusing on rural development at commune and sangkat level. It will provide evidence to show that decentralization has contributed to rural development in terms of, for instance, the development of rural transportation, the reduction of poverty in rural areas and the improvement of commune/sangkat (C/S) council capacity for rural development. Then it will look at the challenges, and raise some policy options to address them. Literature, consultant meetings and document reviews will be used to provide evidence.

¹ “Poverty headcount ratio at national poverty lines (% of population),” World Bank, accessed 31 May 2016, <http://data.worldbank.org/indicator/SI.POV.NAHC/countries/KH?display=graph>

² Ibid.

³ RGC, *National program for sub-national democratic development 2010-2019* (PP: 2010)

⁴ “Rural Development,” World Bank, accessed 31 May 2016, <http://documents.worldbank.org/curated/en/1975/02/1561278/rural-development>

2. Rural Development in Cambodia

Rural development in Cambodia covers rural infrastructure, health services, education, agriculture, the water supply, sanitation and other issues related to the rural socio-economy.⁵

Cambodia has paid close attention to rural development as a major strategy to reduce poverty and the gap between urban and rural areas through decentralization reform. Communes/sangkats are in charge of administration at the sub-national (local) level and each has built a development plan for five years and an investment program for three years to develop their location. This decentralization mechanism channels plans and commune/sangkat investments to promote local development, and also gives citizens and their representatives the opportunity to join directly in the process of commune/sangkat development. It further provides a chance for provincial offices and the other specialized institutions that are involved in rural development, as well as national and the international NGOs, to link their investment projects with the investment programs of local administrations at the sub-national level.⁶ As a result, from 2006 to 2010, the number of commune/sangkat investment projects reached a total of 299,271.⁷

According to the Project Implementation Database (PID),⁸ C/S funds have been established as an inter-governmental transfer (i.e., the allocation of funds from the central government) that supports local development to respond to citizens' needs in each commune/sangkat. It should be noted that the C/S Fund is divided into developmental and administrative components. It is invested in many projects relating to agriculture, the environment, education, infrastructure, and others.

Figure1: Types of projects invested by Communes/Sangkats (2009-2015)

Type of Projects	Frequency	Percent
Rural Transport	23,366	82.69
Irrigation	2,060	7.29
Urban transport	1,450	5.13
Agriculture	449	1.59
Rural Domestic Water Supplies	290	1.03
Urban Drainage and Flood Protection	143	0.51
Education	101	0.36
Rural Drainage and Flood Protection	94	0.33
Community Fisheries	85	0.3
Community forestry	78	0.28
Environmental Management	49	0.17
Domestic Sanitation	30	0.11
Tourism development	30	0.11

⁵ “ផែនការយុទ្ធសាស្ត្រអភិវឌ្ឍន៍ជាតិ បច្ចុប្បន្នកម្ពុជា ២០០៩-២០១៣ (ពាក់ព័ន្ធនឹងអភិវឌ្ឍន៍ជនបទ)”, MRD, accessed 31 May 2016, http://mrd.gov.kh/index.php?option=com_content&view=article&id=408%3A2010-09-17-10-05-07&catid=77%3A2010-09-17-02-35-58&Itemid=112&lang=en

⁶ NCDD, Summarized Report on the Achievements of the Commune/Sangkat Performance in Mandate 2 (2007-2011), (PP: 2011), 9

⁷ Ibid.

⁸ PIC, Enhancing Local Development of Communes/Sangkats in Battambang Province, by Yasak Ly and Vanda Kham, (PP: 2016)

Electricity	9	0.03
Waste Disposal	5	0.02
Community Water Resource management	4	0.01
Health	4	0.01
Market infrastructure	4	0.01
Social Interventions	3	0.01
Urban Domestic Water Supplies	3	0.01

Source: NCDD(2016)

Among these projects, rural roads and irrigation are priorities. For instance, the law on roads, adopted in 2014, specifies that the Ministry of Public Work and Transportation, and the Ministry of Rural Development and Sub-national Administrations are responsible for the building, repair, protection and development of infrastructure in rural areas.

In the years 2007 to 2010, during the second mandate, the government transferred a total of 603,889,000,000 riels (USD 150 million) to support C/S development projects, and development partners also transferred additional funds to the target communes/sangkats directly amounting to 187,671,652,000 riels (USD 47 million).⁹ The citizens also participated in funding to develop their communes/sangkats contributing a total of 5,656,690,000 riels (USD 1,414,173).¹⁰

To develop rural areas, the RGC has, since 1994, introduced a number of strategies and programs.¹¹ For example, it adopted the Rectangular Strategy for Growth, Employment, Equity and Efficiency as the framework for the country's socio-economic development which focused on the enhancement of the agriculture sector, rehabilitation and construction of physical infrastructure, private sector development and employment generation, and capacity and human resources development. The National Strategic Development Plan, 2006–2010, (updated for the second step 2009–2013, and the third step 2013-2018), was also introduced with the aim of supporting development and poverty reduction. An area of focus was the water supply, given that, in 2014, more than a half of Cambodians still lacked access to clean water and appropriate sanitation.¹²

Some Cambodian ministries are also playing a role in rural development. They include the Ministry of Rural Development (MRD), the Ministry of Interior (MOI), Ministry of Economy and Finance (MEF), Ministry of Planning (MOP), and the Ministry of Land Management Urban Planning and Construction (MLMUPC). They coordinate central government at the local level and have decentralized their staff and functions to the local administrations at provincial, district and commune levels. As the result, in 2015, the MRD cooperated with the MOI and the MLMUPC to announce the official recognition of 14 ethnic groups and, in 2014, the MRD, in cooperation with the MEF, chose five sub-functions to be transferred to local administrations.

⁹ “Summarized Report on the Achievements of the Commune/Sangkat Performance in Mandate 2 (2007-2011)”, 8

¹⁰ Ibid.

¹¹ “Rural development in Cambodia: Key Issues and Constraints,” ADB, accessed 31 May 2016 <http://www.adb.org/sites/default/files/publication/29792/rural-development-cambodia.pdf>.

¹² “សន្និបាតបូកសរុបការងារឆ្នាំ ២០១៥ និងលើកទិសដៅការងារឆ្នាំ ២០១៦ របស់ក្រសួងអភិវឌ្ឍន៍ជនបទ វឌ្ឍនភាព និងការលើកកម្ពស់អនាម័យនៃការងារសកម្មភាពជាតិ ២០១៥-២០១៨,” accessed 31 May 2016, http://www.mrd.gov.kh/index.php?option=com_content&view=article&id=7508%3A2016-02-22-12-40-23&catid=363%3A2016-01-22-08-36-12&Itemid=98&lang=en

These included food security in families, building toilets for domestic and public use, sanitation and the maintenance of irrigation canals, traffic monitoring, traffic signal installation and the maintenance of rural roads. In 2015 these ministries continued this trend by transferring the sub-functions of the maintenance of irrigation canals to four districts in Kampong Speu province and to three districts in Tbong Khmum province with funding of around 68,000,000 riels (USD 17,000). Next, in 2016, the MRD (in cooperation with the MEF) transferred the sub-function of sanitation to 10 districts in the provinces of Kampong Speu and Tbong Khmum.

At the same time, Cambodia cooperated with local and international partners such as the Asian Development Bank (ADB), the World Bank, the KEXIM Bank, the Australian Government, the French Development Agency (AFD), the German Development Bank (KfW) and 53 other local and international NGOs to develop rural areas.¹³ However, most of those NGOs have focused on providing the water supply and on educating people in rural areas about issues surrounding sanitation and health.

3. Decentralization in Cambodia

Sub-national development at C/S level was established by the Organic Law on the Administrative Management of Communes/Sangkats (LAMCS) in 2001. This law has required directly elected councils in all C/S administrations nationwide to lead all the development efforts at the local level. The composition of council members represents different political parties to promote local democratic development in support of its main goal of reducing poverty through local development.

As indicated in the legal frameworks, the sub-national administrations have two main roles: 1) To serve in respect of local issues in the interests of the commune/sangkat and of citizens in that commune/sangkat; 2) To represent the State under designation or delegation of the power of the State authority.¹⁴ Similarly, their roles and duties are strengthened by three-year and ten-year National Programs for Sub-National Democratic Development (NP-SNDD). The NP-SNDD has four main goals: 1) Establishing a culture of democracy through participation and accountability to constituents; 2) Improving public service delivery and infrastructure; 3) Increasing the development of society and the economy; and 4) Alleviating poverty.¹⁵ However, sub-national administrations do not have authority in forestry, postal and telecommunication services, national defense, national security, monetary issues, foreign affairs, fiscal tax policy or other areas as outlined in relevant laws or legal instruments.¹⁶

¹³ “បទអនុរាជក្រឹត្យលើការរកស្វែង និងអនុវត្តផែនការអភិវឌ្ឍន៍ជនបទ សន្តិសុខស្រូវស្រែ និងសុខភាពស្រូវស្រែ របស់ក្រសួងអភិវឌ្ឍន៍ជនបទ”, MRD, accessed 31 May 2016 http://mrd.gov.kh/index.php?option=com_content&view=article&id=7565%3A2016-02-26-07-20-25&catid=363%3A2016-01-22-08-36-12&Itemid=98&lang=en

¹⁴ RGC, *Law on Administrative Management of Commune/Sangkat* (PP: 2001), Art. 42

¹⁵ RGC, *10-Year-National Program for Sub-National Democratic Development (2010-2019)*

¹⁶ RGC, *Law on Administrative Management of Communes/Sangkats* (PP: 2001), Art. 45

Among the State ministries, the Ministry of Interior has the greatest influence over the process of decentralization in Cambodia, based on the Organic Laws. The MOI has the power: to nominate various officers of sub-national administrations such as governors, deputy governors, directors of administration, clerks, and finance directors at sub-national administration levels¹⁷; to provide for the disposal of assets transferred to sub-national administrations by the State;¹⁸ to ensure that the law and regulations are respected by the sub-national administrations; and to propose to the RGC the dissolution of any C/S council that fails to respect the internal rules and regulations relating to its mandate¹⁹. The MEF plays a major role with respect to the financial aspects of the D&D process in Cambodia. It is responsible for defining, monitoring and orienting the budget preparation and execution, and the collection of revenue at the sub-national level, as well as supporting capacity building of the sub-national administrations.²⁰

4. Catalyst of Decentralization in Rural Development in Cambodia

4.1. Rural Roads

In the RGC's policy, rural roads are one of the main sectors for rural development because they contribute to economic and social growth: they link zones with economic potential to rural areas in the country. Road development will systematically improve other sectors of development such as local and international trade, tourism, transportation, health and agriculture. Roads in particular attract local and international investment and help to reduce the gap between urban and rural development.²¹ According to rural road data from the Ministry of Rural Development, the road sector needs to be more developed in order to improve connectivity in the country.

¹⁷ Tariq H. Niazi, *Deconcentration and Decentralization Reforms in Cambodia: Recommendations for an Institutional Framework* (Mandaluyong: ADB, 2011)

¹⁸ RGC, *Law on Administrative Management of Capital, Province, Municipality, District and Khan* (PP: 2008), Art. 255

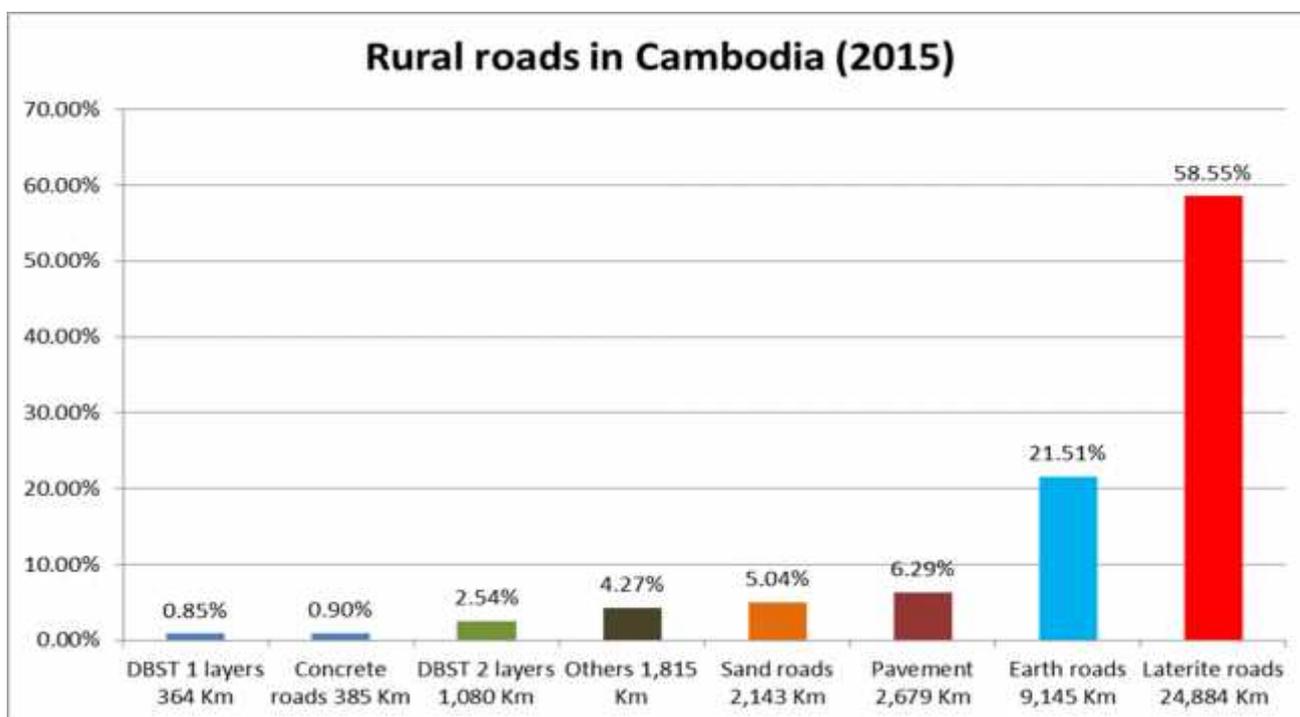
¹⁹ Ibid. Art. 24

²⁰ Tariq H. Niazi, *Deconcentration and Decentralization Reforms in Cambodia: Recommendations for an Institutional Framework*, P. 23-24

²¹ “បទអនុវត្តមន្ត្រីស្តីពីការអភិវឌ្ឍហេដ្ឋារចនាសម្ព័ន្ធជូរជនបទ សនិបាតបូកសរុបលទ្ធផលការងារឆ្នាំ ២០១៥ និងលើកទិសដៅការងារឆ្នាំ ២០១៦ របស់ក្រសួងអភិវឌ្ឍន៍ជនបទ”, MRD, accessed May 31, 2016,

http://www.mrd.gov.kh/index.php?option=com_content&view=article&id=7568%3A2016-02-26-07-26-56&catid=363%3A2016-01-22-08-36-12&Itemid=98&lang=en

Figure 2: Rural road data in Cambodia (2015)



Source: MRD (2015)

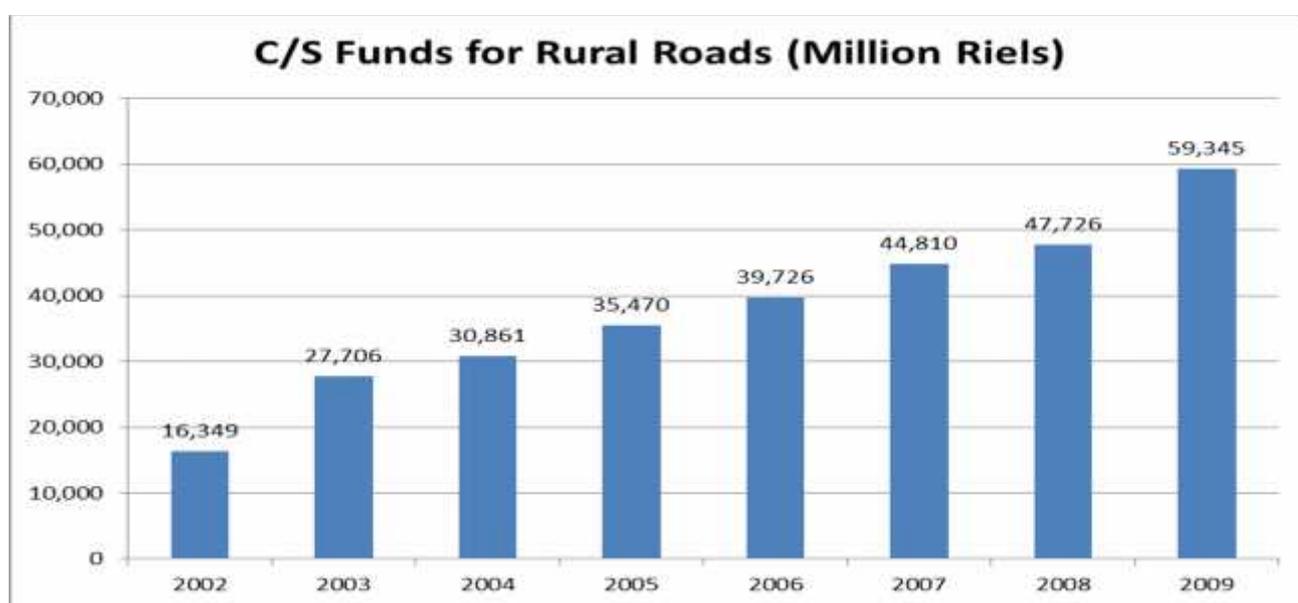
This graph shows the percentages of all rural road types in Cambodia. Most are composed of laterite (58.55 percent), pavement accounts for 6.29 percent, earth roads 21.51 percent, and sand roads 5.04 percent. The 'others' (4.27 percent) are undeveloped roads that are insufficient to respond to local people's needs. It should be noted that only DBST (double bituminous surface treatment) and concrete roads, accounting for 4.29 percent of the total, can be considered to be good quality. Other types of rural roads are easily eroded by time, use or climate conditions, especially flood. Thus, they need to be constantly maintained and repaired. Sub-national administrations are responsible for the management of roads within the capital, cities, and in provincial urban areas. They are also responsible for roads constructed, rehabilitated, and maintained under the sub-national administration budget and for budget collected from various other sources. Sub-national administrations are also responsible for the management of other roads through the assignment of such duties by the Ministry of Public Works and Transport and the Ministry of Rural Development as well as for roads as decided and approved by the RGC.²²

The communes/sangkats have developed rural roads through C/S funds financed by central government. This provides for a fixed amount of domestic government revenues to be

²² RGC, *Law on Road (PP: 2014)*, Art. 5

allocated to the funds annually. This fixed amount has increased from the original 1.5 percent of domestic revenues in 2002 to 2.8 percent in 2016.²³ These funds are complemented by incremental funding from the Department for International Development of the United Kingdom, the Swedish International Development Cooperation Agency, and the United Nations Development Program (about USD 2 million annually). Assistance is also provided through a reimbursement arrangement with the World Bank under its Rural Investment and Local Governance Project. In 2010, funds reached USD 35.3 million. Of these funds, one-third is allocated for administration. Of the balance, 90 percent is used for infrastructure, of which, historically, about 80 percent has been spent on rural roads.²⁴

Figure 3: Commune/Sangkat Funds for Rural Road Development by C/S Councils (2002-2009)



Source: ADB (2012)

According to Figure 1 (Types of Projects Invested in by Communes/Sangkats 2009-2015), C/S funds are still mainly invested in rural transportation. Hence decentralization in Cambodia has contributed actively to rural development, especially in rural road development, and, with it, economic growth and poverty reduction.

4.2. Poverty Reduction

According to the evaluation conducted by Ly (2013), *if the development portion of the C/S fund is increased by 1 percent, the poverty rate will decrease by 0.027 of a percentage point.*²⁵ The national recurrent revenue from 2002 to 2016 shows that the government has increased C/S funds for local development from approximately 30,687.91 million riels (1.50 percent) to 308,410.00 million riels (2.80 percent). In 2011, according to the rough estimate from the NCDD, decentralization reform has contributed to the reduction of poverty by 0.15 percent of

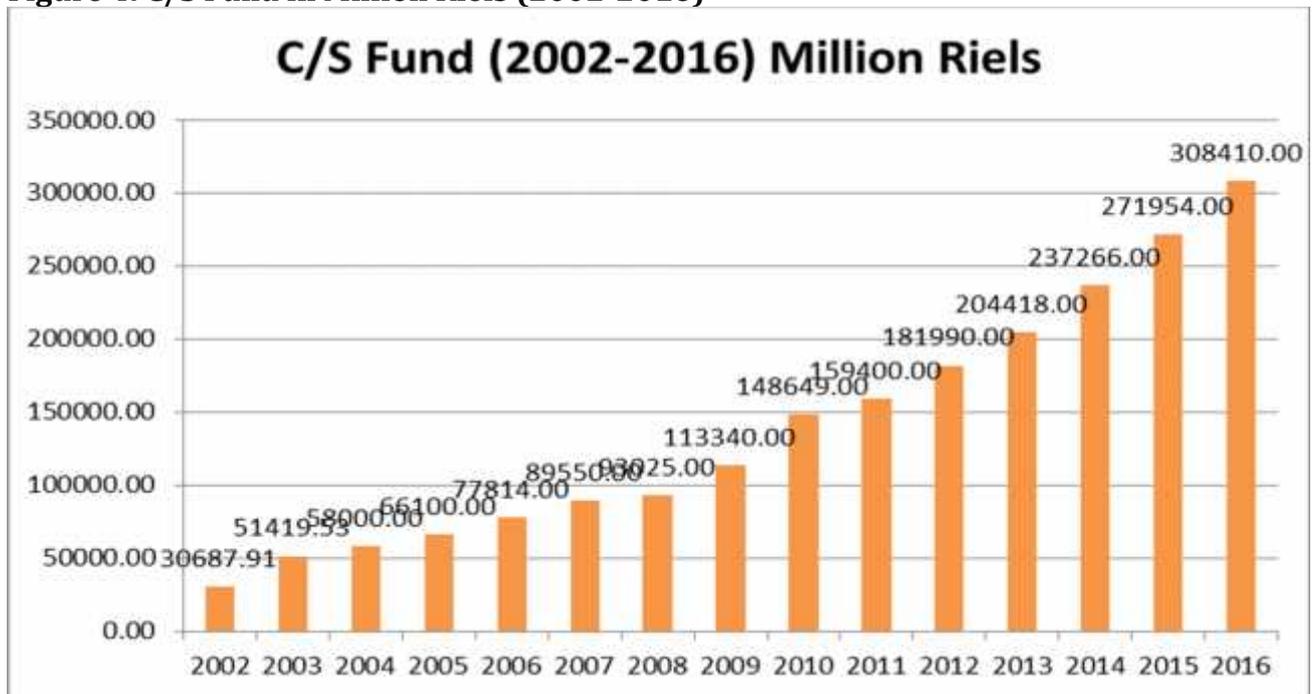
²³ “Enhancing Local Development of Communes/Sangkats in Battambang Province,” 1-2

²⁴ “Rural Development for Cambodia: Key Issue and Constraints”

²⁵ “Enhancing Local Development of Communes/Sangkats in Battambang Province,” 2

the 1.2 percent total nationwide at the local level.²⁶ Given that poverty has decreased in rural areas,²⁷ it can be deduced that decentralization reform has contributed to poverty reduction in rural areas.

Figure 4: C/S Fund in Million Riels (2002-2016)



Source: MoEF (2016)

4.3. Strengthening the Capacity of C/S Councils and Civil Servants for Rural Development

The C/S councils and civil servants in local administration are not just representatives of the public, protectors and servants in respect of the interests of citizens in their jurisdiction, they are also the front liners who are playing key roles in the implementation of decentralization policy for rural development at commune/sangkat level. Because development is always linked to the needs of citizens, and in accordance with the law on Administrative Management of Communes/Sangkats, the C/S councils have an important role in developing their local community. Hence, the capacity building of the C/S councils is important in stimulating rural development in the context of decentralization. C/S councils must have the full capacity to manage and use the C/S funds properly with transparency and accountability to respond to the needs of the citizens and to develop the commune/sangkat in accordance with national policy.

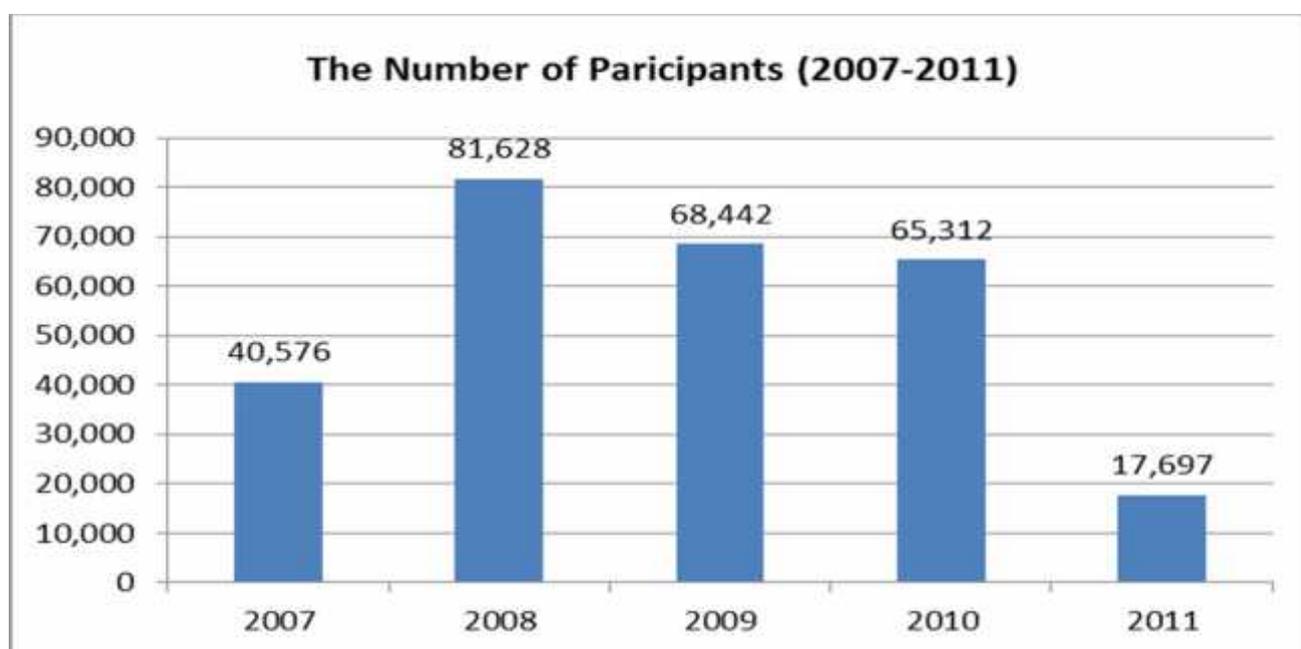
²⁶ “Summarized Report on the Achievements of the Communes/Sangkats Performance in Mandate 2 (2007-2011)”, 18.

²⁷ “Cambodia Country Poverty Analysis 2014”, ADB, accessed 31 May 2016

<http://www.adb.org/sites/default/files/institutional-document/151706/cambodia-country-poverty-analysis-2014.pdf>

In 2007 – 2011 there were 1,621 communes/sangkats throughout the country.²⁸ In the second mandate, there were a total of 11,353 C/S council members, of whom 4,044 were new to the role.²⁹ The newly elected C/S council members and the existing C/S council members have been training continuously together. It should be noted that the Ministry of Interior (MOI) and the National Committee for Sub-National Democratic Development (NCDD) have studied the needs for C/S capacity building with due regard to the size of the C/S councils' tasks, roles and responsibilities, which are stated in the regulations, by arranging training plans for each year and determining a substantial training strategy, timescale and budget plan, as well as identifying the institutions or the persons who are responsible for that training. During the years 2007 to 2011, 273,655 C/S council clerks and officers were trained.³⁰

Figure 5: Number of C/S councils and civil servants in communes/sangkats who received training (2007-2011)



Source: NCDD (2011)

The training courses for the C/S councils and C/S civil servants have been organized by the Ministry of Interior (MOI) and others ministries involved in C/S development in cooperation with national and international NGOs. From 2007 to 2010, the C/S councils and C/S civil servants participated in many training courses which focused on administrative management and the skills needed to build plans for development, and commune/sangkat investment (see Figure 6).

²⁸ "Summarized Report on the Achievements of the Commune/Sangkat Performance in Mandate 2 (2007-2011)", 9

²⁹ Ibid.10

³⁰ Ibid.12

Figure 6: Training courses for the C/S council, clerks and the officers at the sub-national level (2007-2010)

2007	2008	2009	2010
<p>1. Administrative management at commune/sangkat level.</p> <p>2. Building the development and investment plans for the commune/sangkat</p> <p>3. The activities of the commune/sangkat to prevent AIDS/HIV infection in communities.</p> <p>4. Strengthening gender awareness in the local administration</p>	<p>1. Mediating conflict at commune/sangkat level.</p> <p>2. The implementation of the Commune/Sangkat Committees for Women and Children (CCWCs).</p> <p>3. Correcting civil registration data</p>	<p>1. The implementation of C/S funds</p> <p>2. The monitoring and evaluation of the plans, administration and financial work of communes/sangkats</p> <p>3. Leadership of C/S councils</p> <p>4. The law on Administrative Management of the Capital, Municipalities, Districts and Khans</p> <p>5. Preparation for the transference of rights and responsibilities from the capital, municipalities, provinces, districts and khans to the new councils and the governor councils in the first mandate</p> <p>6. The basic principles for the administrative management at the sub-national level</p>	<p>1. The concept of development for communes/sangkats</p> <p>2. The activities of the commune/sangkat in social development</p> <p>3. Proposals for small projects</p> <p>4. The implementation of the Commune/Sangkat Committees for Women and Children (CCWCs) for social development</p> <p>5. Integrating structures and civil servants in capital, municipalities, provinces, districts and khans to new structures</p> <p>6. The tasks, roles and working systems of local administration at the sub-national level</p> <p>7. Dissemination in respect of sub-decrees and announcements about the implementation of the law on the Administrative Management of the Capital, Municipalities, Districts and Khans</p>

Source: NCDD (2011)

According to the report on the Achievement of the C/S Councils in the Second Mandate (2007-2011), through the training courses listed above, all the communes/sangkats (a total of 1,621) built their own development plans for five years for their own development. In addition, the

C/S councils have prepared and implemented the C/S funds with complete adherence to the principles and procedures to ensure transparency, accountability and responsibility, and with due regard to environmental safety and the rights of indigenous people. This was conducted efficiently and effectively. Moreover, even though the design of development plans and investment programs, the implementation of the budget program, report preparation and the implementation of commune/sangkat projects are complex procedures, those training courses have enabled C/S councils to conduct the related tasks independently. So, decentralization has contributed to capacity building of civil servants and C/S councils for rural development at C/S level.

5. Challenges of rural development in the context of decentralization

Decentralization is a new system, created and implemented by a legal framework in order to activate rural development in Cambodia. But it has faced challenges as follows:

5.1. Capacity Building of C/S councils

Even though the capacity of C/S councils is improving as a result of the training mentioned above, limited capacity is still a challenge that weakens the capacity of sub-national administrations to achieve rural development.³¹ In fact, C/S councilors in the second mandate continued to have a limited educational background. A survey by CDRI in 2011 showed that over half of the councilors interviewed (55 percent of the 531 interviewees) received between one and six years of education, 30 percent between seven and nine years, 13 percent between 10 and 12 years and only 2 percent 13 years or more. The 2001 Law on Commune/Sangkat Administration and Management states that Khmer citizens who can read and write Khmer script are eligible for election to C/S councils. This means that primary education is satisfactory for these positions. However, a low standard of education can be a problem in that commune councilors often have poor capacity in respect of development planning, financial management and administration.³²

5.2. Lack of sufficient citizen participation

There is also a problem for rural development in terms of citizen representation and participation in communes/sangkats. This is due to the partisan nature of representation at sub-national level as well as the weak election system because C/S councils are elected under a system of proportional representation; they are selected from the lists of candidates proposed by the elected political parties.³³ Thus, if they lose the membership of their political party, they also lose their seats on C/S councils. This problem is exacerbated by citizens' limited understanding of their roles in the functioning of sub-national administrations with the result

³¹ "Assessment of the Second Term of Decentralization in Cambodia," COMFREL, accessed 31 May 2016, www.comfrel.org/.../390033Final_report_of_the_Second_Term_of_DD.

³² Ibid.

³³ RGC, *Law on the Election of Commune/Sangkat Council* (PP: 2001)

that citizens' needs are not being effectively communicated to the sub-national authorities for rural development.³⁴

In fact, participation of citizens in village meetings is low in both quality and quantity. In theory, village meetings serve as a forum where citizens can contribute their ideas, and voice their demands for development activities in their village or commune based on their needs. A village meeting requires 60 percent of villagers to attend, but in practice village chiefs often fail to adhere to this requirement.³⁵

Citizens who attend council meetings mostly listen and do not make demands or raise their problems or concerns (Malena and Chhim 2009; COMFREL 2011). The 2012 survey by the National Committee for Sub-national Democratic Development (NCDD) found that only 28.4 percent of those who attended a council meeting ever contributed their ideas. The survey also revealed that young people were less likely to participate and less likely to speak up in meetings than their elders.³⁶ This is an obstacle for rural development in communes/sangkats and it means that C/S developments do not respond to citizens' needs.

6. Policy Options for Rural Development in Cambodia

The Royal Government of Cambodia has propelled decentralization reforms through the legal framework as mentioned above in order to improve rural development. But this administrative reform has been affected by some challenges. Some policy options that might address these challenges appear below:

- The key principle in decentralization is that finance should follow functions. This means that when functions are transferred, financial resources should be allocated to ensure that the function is properly performed. If fiscal transfer to sub-national administrations is not sufficient, they will not be able to respond to local demand because the required volume of C/S development projects is bigger than the resources. Thus, the government could increase the budget for development projects in communes/sangkats. Furthermore, the government could improve the fiscal transfer process to ensure accountability of sub-national administrations to citizens.³⁷ The public financial system of sub-national administrations could be modernized and should respect the principles of transparency, accountability and effectiveness;³⁸ cooperation between the various levels of administration is critical to the efficient delivery of services at the sub-national level to improve C/S development.³⁹

³⁴ PIC, *New Competencies of Sub-national Administrations in Public Service Delivery*, by Siem HOK and Sokprapey SAN (PP: 2014)

³⁵ "Assessment of the Second Term of Decentralization in Cambodia"

³⁶ Ibid.

³⁷ Ibid.

³⁸ "New Competencies of Sub-national Administrations in Public Service Delivery"

³⁹ Ibid.

- The transfer process should be clear. In respect of the national program of the NCDD, the line ministries should limit their scope so that resources for rural development are properly channeled to the C/S councils.⁴⁰
- In order to improve educational backgrounds and to maintain downward accountability to citizens, capacity building for the existing and new councilors should continue to be provided, especially in respect of development planning, monitoring, financial affairs and leadership.⁴¹
- The Parliament also has an important role to play in respect of the representative function, legislative oversight and legislative function to improve rural development in the context of decentralization.
- Citizens could be encouraged and educated about the importance of their participation in local development, democracy and poverty reduction through decentralization.

7. Conclusion

Decentralization reform has a major role in Cambodia's development, especially at rural level, and ultimately it can be expected to reduce poverty in the country. In the context of decentralization, C/S councils are elected by the local people and they have autonomous financial resources, functions and powers of decision-making transferred from the central government.⁴² C/S funds have been spent on many projects in order to develop the associated localities; among those, rural roads have been a priority on the list of C/S projects because this focus responds to local needs.

Decentralization is the process that brings administrations closer to citizens in order for them to provide public services that respond to local needs more effectively. Thus, citizens' participation and partner involvement are crucial to ensure accountability, transparency and good governance for local government. In this way, local citizen participation will contribute actively to rural development and poverty reduction because activities will be based on people's needs. Similarly, this deepening of citizen participation will enable sub-national administrations to be more accountable in the way they make decisions, design their projects and deliver public services to develop their communes/sangkats.

However, the process of rural development through decentralization is a challenge given the limited financial resources, the need for capacity building of sub-national administrations and the requirement for the participation and involvement of citizens. Strong political will is needed to improve the performance of sub-national administrations through providing capacity building and transferring functions, powers and financial resources. These are fundamental in enabling sub-national administrations to exercise their roles and competencies

⁴⁰ Ibid.

⁴¹ "Assessment of the Second Term of Decentralization in Cambodia"

⁴² RGC, *Law on Administrative Management of Commune/Sangkat*

in public service delivery at rural level. This will help them to improve and to deepen their responsibilities in the long run.

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