



Smart Development in Practice

Field report from Cambodia

Smart Development in Practice Field Reports

Smart Development in Practice Field Reports is a series of occasional papers based on original research conducted by Oxfam America. Oxfam believes that, in trying to improve US foreign aid, we must listen to the people who know aid best: those who deliver and receive aid. They understand best how aid should work, how aid delivery affects its outcomes, and how aid can motivate governments and communities to invest in their own development. The Smart Development in Practice Field Reports series brings these voices—voices from the field—to the debate on aid reform, enabling them to weigh in on the following questions:

- **Getting the purpose right.** Does US foreign assistance have a clear purpose? Oxfam believes that effective development helps tackle poverty and builds a safer world for everyone and strengthens US standing abroad. When short-term political and security concerns drive the US foreign aid agenda, however, they weaken efforts to fight poverty and undermine US national interests in the long term.
- **Modernizing US foreign aid.** What kind of reform will make US foreign aid more effective in reducing poverty and promoting development in today's world? Designed at the onset of the Cold War and revised piecemeal since, US foreign aid has become a web of competing agencies and conflicting directives. Oxfam believes that US foreign aid needs new laws, strategy, and authority to tackle poverty effectively.
- **Promoting ownership by governments and citizens.** How can US foreign aid be more responsive to the people it intends to support? Foreign aid should encourage people to lead their own development. Yet Washington increasingly dictates who receives aid and how it is delivered without sufficient regard for what poor people and countries want or need. Oxfam believes that US foreign aid must respond to the development priorities of responsible governments and citizens.

This is the fifth release in Smart Development in Practice Field Reports. For others, please go to www.reformaid.org.

Executive summary

Oxfam America went to Cambodia to meet those working with US development dollars to understand the impact of those dollars on the ground. In this report, we present reflections from 40 interviews in October 2008 with the US Agency for International Development (USAID) country mission, the Royal Government of Cambodia, multilateral and bilateral donors, international and Cambodian non-governmental organizations (NGOs), contractors, research institutions, and various community members. The intent is not in-depth analysis of US aid in Cambodia, but a snapshot from people who know well what US aid looks like on the ground.

Cambodia is emerging from decades of civil war, regime changes, and one of the worst recorded cases of genocide. Its government must contend with legal reforms and concerns of corruption and accountability, and its citizens face growing power and wealth disparities. In this difficult context, interviewees stressed that the US should improve its development assistance in these areas:

- **Purpose.** The USAID mission now sits in the embassy compound alongside the Department of State (DOS) and Department of Defense (DOD). Though proximity could improve collaboration between agencies, the mission actually feels more overstretched and concerned about its core mission.

“When we have a planning meeting with Defense, there are five of them sitting across the table for every one person from USAID. The agency is completely understaffed, especially if we are expected to lead on development issues.”

—USAID mission staff member

- **Modernization.** With limited resources, USAID struggles to meet its core mission while juggling increasing demands from Washington. With everyone else dictating what it does, USAID loses its flexibility and is sidelined from executing effective development policy and programs.

“Our FY08 budget was 100 percent earmarked. Earmarks are a double-edged sword. A lot of earmarks give us space, but some are so small that you are forced to be creative. You have to meet earmarks while propelling your vision for the country forward. Rather than starting a new program design in the middle of the fiscal year, you add a component to an existing project that meets that earmark.”

—USAID mission staff member

- **Ownership.** In a post-conflict state like Cambodia, foreign aid can help ensure transparency and champion a voice for all citizens. The US is supporting efforts of local NGOs to demand accountability from the Cambodian government, but some groups are unclear if they can rely on US support in coming years.

“We have come to expect a lot of anti-corruption and democracy assistance from the US. From the beginning, the US was clear that it was a very strong supporter of efforts on anti-corruption, democracy, and human rights. But my concern is for the future.” —local Cambodian civil society organization staff member

We thank the interviewees for graciously devoting so much time and energy to informing our research. Oxfam America calls on policy makers to answer these voices as they seek reforms of US foreign assistance.

US foreign aid in Cambodia

▶ **CAMBODIA**

- Capital: Phnom Penh
- Population: 14.63 million
- Population living below national poverty line: 35 percent
- Population undernourished: 33 percent
- Population in rural areas: 80 percent
- Life expectancy: 58 years
- Access to improved water source: 65 percent
- Under 18 population: 44 percent
- Under 5 mortality rate: 91 per 1,000 live births

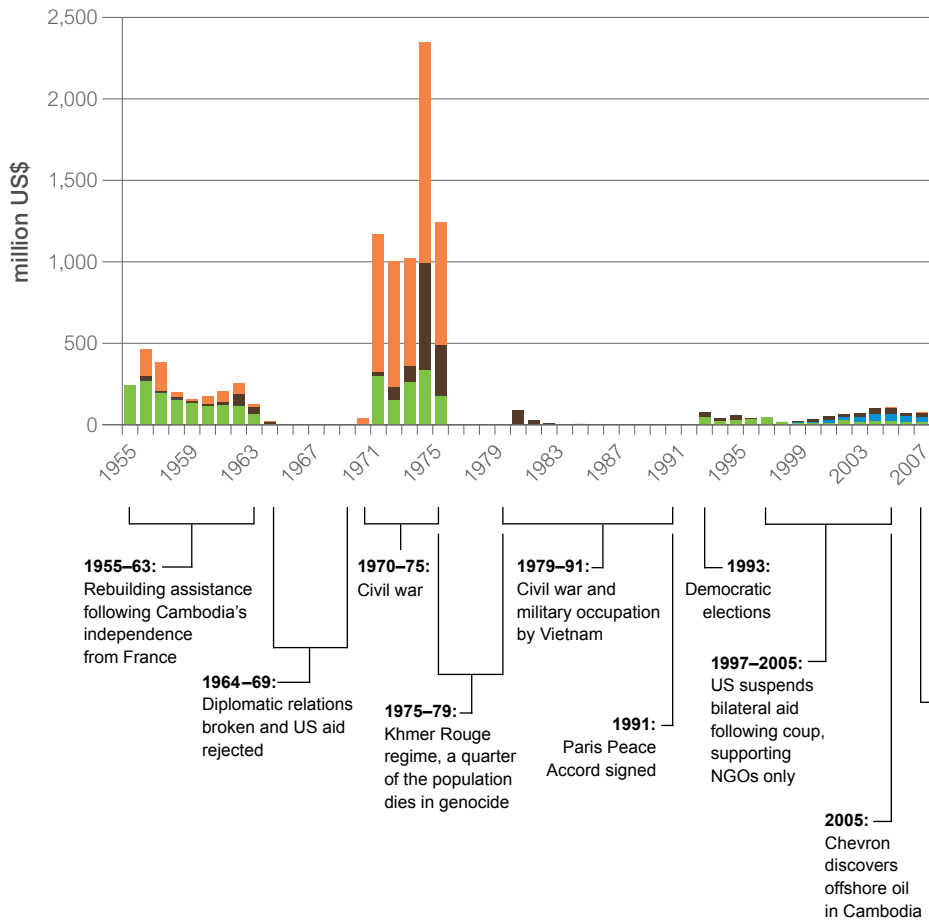
Sources: "Asian Development Bank and Cambodia fact sheet," April 2009; UN Human Development Report 2007/2008; and "Child soldiers global report 2008."



- US aid to Cambodia has gone through six stages since the 1950s (Figure 1):
 1. Rebuilding assistance following Cambodia's independence from France (1955–63).
 2. Rejection of US assistance; broken diplomatic relations (1964–69).
 3. Substantial military assistance to the Lon Nol regime during the civil war (1970–75).
 4. No assistance during the Khmer Rouge regime and Vietnamese occupation (1975–91).
 5. Economic and development assistance beginning with the first democratic elections (1993); assistance suspended after an unlawful takeover of the government (1997).
 6. Direct aid only to NGOs until the ban on bilateral aid to the central government was formally lifted (2007). The US continues to direct aid only via NGOs and contractors, but it is now coordinated with government priorities.
- Most US aid to Cambodia (FY 2006–8 averages) is for health (\$31 million)—particularly for HIV/AIDS treatment and prevention (\$15 million). Also of focus is strengthening the rule of law and human rights, good governance, and civil society (\$14 million), followed by economic growth, education, military, counter-terrorism, and land mine removal.¹

1. FY08 Congressional Budget Justification for Foreign Operations.

- US agencies operating in Cambodia include USAID, the DOS, the DOD, the Centers for Disease Control and Prevention, the Department of Justice, and the Peace Corps.
- The US is the fifth largest donor in Cambodia, as measured by official development assistance (ODA). Between 2002 and 2007, the US provided 6.7 percent of all ODA, an average of \$41.55 million. Japan is the leading donor (17.3 percent), followed by the Asian Development Bank (12.2 percent), the World Bank (7.2 percent), the UN (7.2 percent), the US, and then China (6.3 percent).²



2. “The Cambodia aid effectiveness report 2008” (Phnom Penh: Cambodian Rehabilitation and Development Board, 2008).

Getting the purpose right

“The US is providing military assistance to Cambodia. I’m very suspicious of that. I think they’re looking for another base in Southeast Asia. They built the most expensive embassy in the region; there’s increased military cooperation and cooperation on anti-terrorism. It’s raised little red flags for me; it’s all part of a package.”

—Cambodian NGO staff member

“Civil society’s concerns related to shifts in foreign assistance could possibly be linked to the lack of strategic long-term planning. As a result of F reforms [attempts by the DOS to integrate foreign assistance efforts], it is difficult for the mission to succinctly communicate prioritized long-term objectives for Cambodia.”

—USAID mission staff member

Aid to a transitioning state like Cambodia should focus on a long-term strategy to help rebuild state capacity and empower citizens. The US has been the major supporter of civil society groups promoting human rights and the rule of law. Yet interviewees perceive the US to be wavering in its approach and fear setbacks on democratic reforms.³ Meanwhile, USAID finds its work inhibited by an interagency coordination process dominated by the DOS and DOD.

Cambodians lack clarity on the purpose of US aid

Several interviewees expressed concern over what they perceive as a changing direction of the US agenda. Over the past decade, they have had little doubt about US support for democratic change, as demonstrated through the funding of groups like the Community Legal Education Center (Case study 1). However, in 2007, the US lifted restrictions on bilateral assistance to the country and tightened relations with the government. Since then, civil society groups have begun to fear that the supposed shift may dampen their work.

It’s worth noting that the US is not providing direct aid to the government; rather, it is continuing to provide democratic and governance funding to partners. Still, some worry that the US is trying to align its funding with government priorities that may not reflect the concerns of the citizens.

Cambodians are confused about this perceived shift, as the government’s human rights record remains poor and endemic corruption remains unchecked. Some Cambodians believe that the US lifted the ban in exchange for cooperation with US anti-terrorism efforts. Others reason that China’s growing influence and the recent discovery of offshore oil and gas reserves⁴ may be pushing the US to seek closer ties with the Cambodian government. The lack of transparency has left Cambodians questioning the US’s true motive. Meanwhile, the USAID mission is unable to communicate a strategic agenda because of constraints in Washington.

3. According to the Freedom in the World 2008 survey by Freedom House, Cambodia is classified as one of 42 “not free” countries.

4. To help check corruption in Cambodia, Oxfam America is supporting a coalition of local NGOs working to ensure that revenues from the country’s imminent oil boom are shared in a transparent way and help to improve the welfare of all people.

Overstretched and overstepped by the DOS and DOD

The USAID mission now sits in the embassy compound alongside offices for the DOS and DOD. Though proximity could improve collaboration between agencies, the mission staff members actually feel more marginalized.

Part of the problem is that, along with lifting its ban on direct aid in 2007, the US also increased its military assistance to Cambodia. As a result, USAID has been repeatedly called on to assist in short-term US military humanitarian projects, such as US navy ships docking to provide free dental clinics and repair local schools and hospitals. USAID staff members feel increasingly overstretched and concerned about tending to their core mission. A recently developed formal coordination mechanism between the DOD and USAID is meant to ensure that military humanitarian assistance resources add value to development objectives.

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—USAID mission staff member

Case study 1. Protecting citizens’ rights through legal advocacy

USAID helped found and continues to fund one of the first legal resource centers in Cambodia, the Community Legal Education Center (CLEC). Now a locally registered NGO, CLEC educates communities and government officials on legal empowerment and advocates for legal reforms. With funding from USAID, CLEC has become an effective NGO capable of taking on sensitive, high-profile land-grabbing and illegal eviction cases.

Members of Group 78, a community of 146 families living on 11,700 square meters (approximately 3 acres) in the heart of Phnom Penh, readily tell how CLEC helped save their community. Living on prime real estate had brought with it repeated illegal attempts by the local authority to evict families—through falsified documents, deceitful processes, and repeated threats of house burning and multiple eviction notices. They sought recourse with the municipality and the Land Management Ministry, but to no avail. That’s when they turned to CLEC.

By establishing that the community has in fact strong possession rights stipulated in the 2001 Land Law and identifying the inconsistencies in the eviction notices, CLEC effectively pressed the case that the government had no grounds to expel Group 78. “Without CLEC’s help, people would’ve been evicted a long time ago,” says Man Vuthy, coordinator of CLEC. “Now, land titles are in process. And there is hope that the rule of law and legal way will prevail for all eviction cases.” Publicity generated from this case helped spread the notion within Cambodian society that one can justly defend oneself with legal recourse and that the law will uphold rights.



▲
Lam Sambo, a resident of Group 78, describes the plight of his community: “Since 2006, I have received five to six eviction notices. CLEC recognized the notices were inconsistent. We benefit from the NGO. With CLEC’s help, we can stay here and are stronger than before because we trust our legal support. We know how strong the commune is. If we don’t have strong legal aid, we will be gone in a few hours.”

Archana Palaniappan / Oxfam America

“The closer we get to the State Department and the Defense Department, the more our agenda gets pushed aside.”

—USAID mission staff member

Modernizing US foreign aid

“Our FY08 budget was 100 percent earmarked. Earmarks are a double-edged sword. A lot of earmarks give us space, but some are so small that you are forced to be creative. You have to meet earmarks while propelling your vision for the country forward. Rather than starting a new program design in the middle of the fiscal year, you add a component to an existing project that meets that earmark.”

—USAID mission staff member

“Because of the F process, [USAID] staff that would’ve spent more time in the field with government officials or overseeing programs in the provinces [are] now confined to their desks responding to State/F. In a country like Cambodia, there are increased vulnerabilities on financial oversight of projects when implementing staff are not on the ground.”

—USAID mission staff member

While the USAID Cambodia program budget tripled from \$20 million 10 years ago to nearly \$60 million today, the number of USAID personnel managing this portfolio has not changed. The overstretched mission staff members struggle to meet restrictive earmarks and cumbersome central reporting requirements. In addition, they feel increasingly constrained by the fortified US embassy compound.

Strategy complicated by earmarks

USAID’s ability to deliver long-term development in Cambodia has been complicated by restrictive earmarks. Requests from Washington undermine long-term strategic plans and force staff to scramble to reshuffle projects. In one instance, Congress imposed a very large earmark for clean water projects two months before the end of the fiscal year. Since the USAID mission did not have an existing clean water program and lacked the staff capacity to start a new design, they added a last-minute water component to a small business development program. The mission would rather not be forced to manipulate a project to meet sudden new requirements. Despite these constraints, USAID often excels at delivering programs that help Cambodians earn a living (Case study 2).

Constrained by overcentralization

In 2006, the DOS led an effort to consolidate and integrate all US foreign assistance from the DOS and USAID into one system. Known as the “F process,” this new system has increased the planning and reporting burdens on missions. Meanwhile, mission staff members feel the process has yet to add value to their programming. Burdened by the lack of an overarching strategy, they are left to correct growing misconceptions about US aid with too few staff and not enough institutional support.

An uneasy home in the embassy compound

In a post 9/11 world, security dictates design. In 2006, the US opened its first ever purpose-built embassy in Phnom Penh to house all US offices, including USAID. The heavily fortified complex may be safe, but mission staff worry that the extensive security measures make them appear opaque and restrict their ability to meet with the development community and government officials.

“USAID is one of the best US government public diplomacy tools. Housing USAID in an embassy compound undermines our public diplomacy efforts.”

—USAID mission staff member

Case study 2. USAID plays matchmaker for village entrepreneurs

Though sizable burdens plague the USAID mission, 57-year-old rural entrepreneur Kim Nay Heang has benefited from a unique USAID-led program that redefined her life. With USAID’s behind-the-scenes help, she transformed the family fish farm into a profitable venture to support her family and became a sought-after business mentor in her commune.

Eighty percent of Cambodians struggle to make a livable income in the countryside. Isolation from markets, knowledge, and suppliers keeps them trapped in subsistence activities. In this context, many Cambodians, like Kim Nay Heang, rely on fish ponds for household consumption. But these ponds rarely produce any excess that could be sold for income.

In 2005, USAID began the Micro, Small, and Medium Enterprise (MSME) Project, implemented by US-based contractor Development Alternatives Inc. The MSME Project mended broken links in aquaculture value chains in Kim Nay Heang’s village, playing matchmaker between fingerling growers, input suppliers, fish producers, traders, processors, and retailers. A trip to Vietnam taught Kim Nay Heang’s son how to build a new fish food machine with local parts to produce lower cost, higher quality fish food. Kim Nay Heang now raises 25,000 fish a year (compared with 5,000 fish previously) in the same pond, earning US\$3,000 in profits—nearly five times as much compared with the year before she joined the project.

With her newfound income, Kim Nay Heang can send her five grandchildren to school every day and make meaningful contributions to the local pagoda. And when rising food prices this past year took their toll on her neighbors, her family was just fine.



▲ With her successful fish farm, Kim Nay Heang is a leading entrepreneurial figure in her village of Kampong Preh in Kampong Cham Province. USAID support for mending value chains is transforming livelihoods and providing growth opportunities for women and underserved groups.

Omar Ortiz / Oxfam America

“The F process has supplanted strategic planning and designs. There is nothing strategic about the operational plan and F budget allocations.”

—USAID mission staff member

Promoting ownership by governments and citizens

Development aid is most effective when it helps citizens and their governments lift themselves out of poverty. The US is empowering villagers to interact with local governments while championing civic calls for good governance. Unsure of the US's long-term strategy, civil society interviewees stressed that US support for the Cambodian state should not come at the expense of less government accountability to citizens. Others observed that if the US truly wants Cambodians to lead their own development processes, the US should be more willing to coordinate with the government and other donors.

Working with local government to kick-start democracy at the grassroots level

“We work with local organizations to raise issues they want to resolve with the commune councils, like domestic violence, land rights, food security, HIV/AIDS, gangs, and drug use. The long-term goal is not to bypass government.”

—USAID contractor staff member

“We have come to expect a lot of anti-corruption and democracy assistance from the US. From the beginning, the US was clear that it was a very strong supporter of efforts on anti-corruption, democracy, and human rights. But my concern is for the future.”

—Local Cambodian civil society organization staff member

In 2002, the Cambodian government created 1,621 elected commune councils, allowing Cambodians to participate in decision-making processes that affect their communities and lives. Through partners, USAID is working with 20 percent of these councils to strengthen civic participation, social investments, and transparency and accountability mechanisms. Grassroots citizen activism can play a vital part in good governance (Case study 3).

Keeping the focus on active citizens to win the fight against corruption

The US recognizes that the demand for accountability needs to come from Cambodian citizens themselves. USAID supports a robust civil society to hold the Cambodian government accountable and highlight the negative impact of corruption.⁵ In the past few years, USAID's Cambodian partners have succeeded in accomplishing the following:

1. Getting a major political party to place anti-corruption language in its platform.
2. Gathering more than a million signatures for the Million Signature Campaign to petition the government to pass the Anti-Corruption Law.
3. Creating the Clean Hand brand to market the anti-corruption movement. Today, Clean Hand is the most recognized brand outside of Coca-Cola in Cambodia.

Despite these successes, an overall lack of clarity on US objectives means that many NGOs simply do not know if they will be able to count on USAID as a partner in coming years.

5. Cambodia was ranked 166th out of 180 countries surveyed in the “Transparency International Corruption Perceptions Index 2008.” Over the past three years, it has consistently ranked in the bottom 10 percent and has never moved up.

Neglecting country coordination systems undercuts ownership

The Council for the Development of Cambodia was established in 1994 to coordinate the reconstruction and development of the country. With 32 donors now funding over half the national budget, the council's mandate to coordinate donors, track aid flows, and improve the effectiveness of ODA is critical. Yet despite considerable efforts by the council, there is still a long way to go in harmonizing and aligning donors with Cambodia's development strategy. When interviewees saw the US sign onto the Accra Agenda for Action (which commits the US to provide indicative figures of planned funding on at least a three-year rolling basis), their expectation for US leadership in this area increased, but the change in US practice has yet to follow.

Case study 3. From radio listener to active citizen

With support from the US, the Asian Development Bank, and the Cambodian government, US-based NGO Equal Access is helping strengthen democratic participation and empower underserved Cambodians. In a nation where citizens have traditionally viewed themselves as subjects without a voice, this is a significant step toward citizen ownership.

Equal Access teaches individuals how they can be agents for change. In the radio program *Success Starts With You*, fictional rural villagers solve issues affecting their communes, such as disputes about contested elections, crime, and land rights. Real Cambodians then share how they have confronted similar problems, helping listeners realize that they, too, can effect change. The program also promotes a better understanding of commune councils and how citizen groups can act as watchdogs.

Hang Sopheap, a Commune Monitoring Committee leader and a radio listening group facilitator, explains: "Motivated by the Equal Access program, we have dared to speak up for what is important to us and to criticize our local government's failure to address what we view as the most pressing problems in our village. For example, one program listener successfully advocated for the construction of a road to the nearby village and to our rice paddies. And I have approached our commune council to construct a new irrigation system to supply our crops. In the past we were afraid to speak out. But now, together, we have learned that we have the power to tackle the challenges our community faces."

(Sources: Personal interview and Equal Access program website, www.equalaccess.org/country-project-kh03.php.)

These are the people who are affected by decisions made in Washington. As Cambodians rebuild their country, they deserve aid that responds to their needs. Policy makers should regard Cambodians as stakeholders in their own future and remember these voices as they remap US foreign aid with a clear purpose, an empowered development agency at the helm, and the people as their guide.

"The CDCF (Cambodia Development Cooperation Forum) tries to take a more medium-term approach to development, asking for indicative commitments over the next three years. The US was one of only two donors at CDCF 2007 that quite stubbornly refused to give any figure because of Congressional processes. Knowing the funds available for the next two or three years, at least at an indicative level, could help the government to plan."

—Council for the Development of Cambodia staff member



▲ In Prey Thoum village, Prey Veng Province, Hang Sopheap values the opportunity for citizen participation in local policy-making. With Equal Access' investment in community leadership, she feels confident in her ability to demand government responsiveness to her fellow citizens' needs.

Equal Access

Oxfam America is working to increase the effectiveness of US foreign aid by placing the voices and priorities of poor people at the center of aid policy and practice. Through analytical and field research, we bring out the hopes and concerns of intended beneficiaries, implementing partners, aid professionals, other donors, and host governments. Through political advocacy, we ensure that these voices are heard by policy makers who have the power to make US foreign aid more effective in the fight against global poverty.



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Cover: Funded by Oxfam America through the Cambodian Center for Study and Development in Agriculture, these farmers in Kompong Speu Province, Cambodia, are using an innovative agricultural technique known as the System of Rice Intensification (SRI). SRI has dramatically improved the lives of more than 80,000 farmers in Cambodia: using fewer seeds, farmers are producing twice the rice they once did—enough to feed their families and sell the surplus. And the plants are bigger, hardier, and better able to withstand some pests, dry spells, and storms. Oxfam is working with national agricultural extension agencies in Cambodia to expand this initiative. SRI offers a good example of a donor providing information and training to individuals so that they are equipped to make informed decisions and meet their long-term needs themselves. *Isabelle Lesser / Oxfam America*

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