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Title: Rethinking the Role of Local Governments in Aid Governance

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Country of Study	Australia
Major	Public Policy and Public Administration
Degree	PhD
Course Title	Public Administration
Type of Document	Essay
Year	

Rethinking the Role of Local Governments in Aid Governance

By Kongkea Chhoeun

“Local non-governmental organizations are facing one common problem: financial sustainability. If you are selected for this position, what would you do to help such organization as ours address this financial issue?” This question was unexpected during my written test for a managerial position at a local NGO a few months ago. I was struck by the uncertainties about the future of local NGOs. “Will NGOs still be relevant in the medium term?” I pondered. In other words, “what must be done differently from now so that aid and its impacts can be more effective and lasting?”

Aid involves many aspects of my life. My first exposure to aid was dated back to the 1980s when I was in grade 1 of primary school. After the Khmer Rouge regime fell, the whole country was in ruin and destitute; we needed to start everything from scratch; and basic public services such as education and healthcare were back to normal only slowly. I had neither chalk, textbook, notebook, pens nor blackboard. I walked miles every day to take classes under the leaky roof of building that was abandoned during the regime. Life was harsh during the day. And it was peaceful during the night when darkness took full control of rural life, forcing everyone to go to bed as early as eight o'clock in the evening.

Back then, aid was more on humanitarian. One day, a group of foreign humanitarian workers visited my school, handing out school stationery. Students from all grades were lined up to receive gift for the first time. Observing other kids attaining their gift one by one, I was anxious to take my turn. I was unusually excited to obtain a set of color pens! I had never had anything like these before.

A decade later, my village started to receive social and economic development aid. Occasionally, NGO workers came to my village to raise awareness about HIV/Aids, dengue fever, malaria and other health related concerns. Others helped us set up various sorts of

village bank. Rice bank, cow bank, pig bank, and money bank were established in our community so that we could borrow to generate extra income or in time of crisis. My family made the best use of such assistances. Aid improves our life; we are profoundly thankful.

Back to reality

After 30 years, donors provide more, not less, aid. In total, over 5 billion dollars in aid has been disbursed, the majority of which goes through NGOs. Similarly, donors and NGOs deliver more, not less, public services on behalf of the governments. The United Nations Children's Fund is working to improve well-being of children in the country. Asian Development Bank (ADB) in collaboration with the governments at all levels is addressing agricultural issues both at policy and program levels. Fintrac Consulting, a US-based consulting firm, is running a 50-million-dollar-multi-year agricultural development program. Besides, more than 2,000 NGOs are delivering all sorts of services from health to education, rural infrastructure such as road, electricity and water, social protection, and economic development. Many of them are operating outside the government structures. By so doing, they missed the spillover effects, failing to build, develop and strengthen the governments' staff and institutional capacity which was torn down during war time.

Given the endemic corruption, the limited capacity of the governments, and the urgency of effective aid, it was understandable that donors opt to funnel their funds to NGOs who themselves opt to work outside the government system. Nevertheless, any attempt to substitute the governments permanently in the provision of public services should be discouraged at all costs, especially with the deepening reforming process currently going on at the sub-national levels.

Why aid falls short of fulfilling its potentials?

Aid failure links with numerous factors. Weak governments of the recipient countries, unreceptive local culture to aid, corruption, poor program design and implementation, weak monitoring and evaluation mechanism, inappropriate program theoretical approach so on

and so forth are familiar to development practitioners. They are true to Cambodia on varying degrees. And aid coordination and sustainability of aid impacts are the severest ones for the country.

Donors have attempted to coordinate and harmonize their aid policies, strategies, priorities and programs with little success. Much is needed to be done at the planning and implementation levels. I witnessed first-hand the failures of aid coordination while a technical professional at German International Cooperation (GIZ). Based on the result of the training need assessment GIZ did with communities, the organization decided to offer the communities with agricultural technical trainings on system of rice intensification, chicken and fish raisings. Training service providers were contracted; number of participants, training schedule, and venues were fixed. Anybody can benefit from the trainings as long as they are economically active and motivated. The organization provided only technical knowledge however; no agricultural inputs such as seeds and cash allowance would be offered. On the training days, the communities failed to show up because they were busy in other trainings organized by an ADB funded project, which granted fertilizers, seeds and cash allowance for their participation.

NGOs often work in isolation among themselves and from local governments. In one meeting, one member of an NGO protested that another NGO took her targeted beneficiary! She said her NGO has supported that village for some time, providing technical training, vegetable seeds and pig. "That NGO came in and took my targeted group. It gave the same training and pig!" She asked what she was supposed to do with the NGO and how she should monitor and evaluate her program. She then pointed her fingers to local government at the commune level, blaming its members for failing to coordinate aid in their jurisdiction. My observations and discussions with the commune councilors, however, revealed that few NGOs ever came to inform the commune about their work plans or share information about their activities.

The sustainability of NGOs and their activities and impacts in the country is becoming a pressing issue, especially when donors are shifting priorities towards Africa and debt crisis is hard hitting many governments in the West, which will limit their ability to commit more aid to developing countries. Local NGOs are under more pressure, running out of financial sources. Some are transforming wholly or partly themselves to generate income to compensate the loss from donor withdrawals. And stories about the failures of saving group and community water user group in various parts of the country are commonplace. The groups cannot just function without incentives and supports from NGOs. Therefore, there needs urgently institutions that are more enduring against external shocks and present at all times in the community; and the institutions need not be state ones!

A paradigm shift

Donors should exploit the potentials of and build on the existing governments' institutions, rather than creating new ones to replace them. Channeling aid to the local governments offers them the opportunities to build, develop and strengthen their capacity, which must be good in the long run, because at the end of the day, it will be the local governments that provide most of the public services the citizens need. NGOs will be gone when the external funds are gone! The local governments stay close to the citizens, understand their real needs, and thus are in a better position to respond to those needs. Their decentralized, integrated, participatory planning processes must substantially reduce aid coordination and overlapping problems. And because they will always be there, aid impacts might be sustained.

Decentralization and de-concentration reform in the country is gaining more momentum. National government has already managed to decentralize politically. With further support from donors such as the United Nations Development Program, ADB, GIZ, the European Union, and the World Bank, the government proceeds to transfer and delegate functions and resources to the local governments at the provincial, district, and commune levels.

Previously, the sub-national governments were nothing but an administrative arm of the national government and a body that helps line ministries at the national level to implement their mandate at the local levels. Now with the reform, they are assigned with new roles, discretions, functions and resources. They are mandated to develop their jurisdiction via their development and investment plans.

Resources are the major constraint for them. They are not yet able to levy most taxes from their constituents, except property tax which will be piloted in a number of municipalities throughout the country. The national government has only allocated limited funds to them thus far. That they do not have more revenue bases in the near future makes the process of devolving functions from the national government even more difficult to complete. Therefore, in light of the real limits of the NGOs and the potentials of the local governments in the development of the country, aid should be directly transferred to the local governments to provide public services.

To get this idea operational, behavioral change from both the governments at all levels and donors is needed. The governments must become self-reliant, proactive and ready to be in full charge of the destiny of their nation. They should start to stop looking for others to take care of their own businesses. If they need external resources at all, it would be just good to borrow them and design strategies and programs to develop the country as they see fit. Indeed, they could become self-reliant if they so choose when oil and gas revenue stream begins to flow at the end of 2012. The country is expected to generate revenues twice as much as aid she currently receives from donors. Meanwhile donors should ensure that the country uses this non-renewable, exhaustible revenue wisely for the benefit of the whole nation and that the country is not to incur resource curse. If the country misses the opportunity this time, we are finished!

Donors need to take more risks! Donors got to trust the governments more! Donors now have more reasons to do so because government bureaucracies have largely improved their

human and institutional capacity, thanks to their supports in the past decades. Donors need not channel their funds to the local governments all at once however. Donors can do it step by step. First, donors should mandate all NGOs who receive their funds to work inside the government structures, meaning that NGOs collaborate with the local governments, integrate their programs in the local governments' development and investment plans, or fund partly the local government programs that fit their program portfolios. And next step, provided that the first step works well, donors transfer aid directly to the local governments. Donors should impose conditions on the local governments, requiring that they co-finance their programs. Local governments' commitment is critical for the sake of sustainability. As their capacity, revenue base, partly from oil and gas, and financial contribution expand, donors can gradually withdraw.

The donors' shift in priorities towards Africa, the spiraling debt crisis in the West, the deepening of the decentralization and de-concentration reform in the country, and the potential windfall from oil and gas all give enough good reasons for donors and the governments to govern aid differently. That is to say, more aid should be transferred to local governments. Nonetheless, aid in itself is not magical solution to development issues such as abject poverty in developing countries including Cambodia. What really matters is a fair trading system that gives developing countries more room to formulate their industrial policies. The current global trading system is favoring the rich countries, depriving the poor ones of the various policy choices that the rich countries employed when they were developing their own economies. Even if aid is to succeed, still it is unthinkable for Cambodia to compete head to head with more advanced nations on equal footing in the global market. Without great governments and policy choices available for the rich countries centuries earlier, no matter how much aid Cambodia receives and however effective and lasting it might be, the country's fight against extreme poverty will be an uphill battle.