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Post-Conflict Rehabilitation Experiences of the Social Fund of the Kingdom of Cambodia

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Welcoming Remarks

I am happy to be here today with all of you to share some of my thoughts on the experiences of the Social Fund of the Kingdom of Cambodia in post-conflict rehabilitation of infrastructure facilities.

All of you know, nearly three decades of civil strife and social dislocation had rendered Cambodia as one of the poorest nations in the region, with a per capita income of around US\$ 280 and is currently facing innumerable challenges in the rehabilitation and reconstruction of all of its physical infrastructure and the development of human resources. With the signing of the peace accord among the warring factions in 1991, and the formation of the Royal Government in 1993 through UN-supervised elections that were widely regarded as free and fair, the unique opportunity to rehabilitate and reconstruct Cambodia began. It was immediately obvious that the first priority on the road to sustainable development was the reconstruction of physical infrastructure and provision of social services, without which economic and social progress would be severely inhibited. For example, the inferior road systems and in some cases the complete lack thereof, seriously impaired the development of the economic sector namely agriculture, the provision of social services and access to the most vulnerable groups in the provinces. Despite earlier concerted efforts to improve the social services and economic infrastructure in the country, a large gap between demand and supply persisted. The rural areas have poor access to education and health services. Additionally, the rural-urban gap is pronounced in Cambodia and manifests itself in a number of ways, apart from the lack of social and economic infrastructure. Therefore, the Royal Government, with the assistance of international partners, undertook the rebuilding of the main arteries linking the largest population centres and concentrated on the reconstruction of schools and health services. The Royal Government planned various programmes and projects utilising different methodologies and to serve different areas. The Social Fund of the Kingdom of Cambodia (SFKC) was one such instrument. The SFKC, established in 1994 by the Royal Government, as an autonomous public institution to engage in, in the short-term, rehabilitation of essential infrastructure and assist, in the long-term, in poverty alleviation and to create opportunities for people to assist the development of small-scale infrastructure in the country.

The SFKC, with the assistance of the World Bank, became operational in late-1995 to carry out post-conflict rehabilitation of physical infrastructure. Phase-I (late-1995 to mid-1999)¹ of the SFKC's programme focused, nation-wide, on the rehabilitation of essential infrastructure needs of the population. As part of its operational strategy, the SFKC established itself as a demand-driven management instrument to finance activities for the needs expressed by the community. Based on this premise, SFKC worked directly with communities while liaising with the line ministries for the timely delivery of assistance and achieving the organisational goals. It hinged on four distinct features:

- (i) The over-riding need for the rehabilitation of small-scale infrastructure, particularly social facilities/services;
- (ii) Empowerment of communities to plan and manage the implementation of local development projects;
- (iii) The development of a network of local contractors and entrepreneurs; and
- (iv) To contribute to the reconciliation process and a culture of peace.

During Phase-I work (1995 to mid-1999), the Social Fund disbursed US\$ 17.5 million for 1,436 small-scale economic and social infrastructure projects which benefited 2.4 million people. This three and half year operation created more than 31,072 person/months of employment for skilled and unskilled workers. SFKC projects include: constructing 3,756 new classrooms, 2,767 water wells, 1,435 latrines, 14,216 square meters of bridges/culverts, 24,525 cubic meters of dike, irrigation facilities for nearly 2,600 hectares of agriculture land, 78 health centres, 49 bridges, one referral hospital and supplies of 61,961 pieces of classroom furniture.

1. The second phase of SFKC's work, built on the experiences gained in Phase-I, commenced in July 1999 with an allocation of about US\$ 27 million and is expected to continue at least until 2002 and designed to contribute toward long-term development needs of the Kingdom. A special feature of Phase-II work is increased emphasis on 'sustainable use and maintenance of the facilities created' and more participation of local communities in planning, implementing and managing the project.

As part of our contribution to this important Forum on Poverty, I would like to share with you some of SFKC's contribution in consolidating peace and reconciliation in Cambodia, particularly in the conflict-ridden northwestern provinces of the Kingdom, through its rehabilitation of infrastructure facilities.

For Cambodia, the most significant change was the decision of the Khmer Rouge forces contesting the authority of the Royal Government of Cambodia, for more than two decades, to seek peace and political accommodation with the government. This gradually took place since late-1996 and opened up the possibility of a SFKC response in these conflict-ridden areas, in partnership with the provincial and local authorities and NGOs to the needs of long-neglected communities.

This historic opportunity fitted in well with SFKC's overall strategy in three aspects: (i) delivery of rehabilitation assistance to the most-needy areas and thus gaining trust of the communities; (ii) building up capacity of local institutions; (iii) social mobilization among communities to work together and find common grounds in local development, particularly in partnership with an agency of the Royal Government.

In its work, SFKC focused on two sectors: (a) rehabilitation of primary school premises; and (b) rehabilitation of essential economic facilities such as road access i.e., bridges and culverts that opened contact to neighboring centers or rehabilitation of small-scale irrigation facilities. This set of core activities i.e., rehabilitation of school and bridges/culverts in the former Khmer Rouge controlled areas (also known as reconciliation areas)" has become integral part of SFKC. In fact, SFKC was one of the first agencies to implement rehabilitation programmes in these areas.

For your information, in the reconciliation areas, where about 15 percent of Cambodia's population live, school infrastructure and bridges/culverts that facilitate access had deteriorated like all other facilities during the civil strife. The integration of these districts, in 1997 onwards, had created immense opportunity for the Royal Government to consolidate peace and initiate development activities.

The rationale for SFKC's involvement in the reconciliation areas was as follows:

- (i) Conflict has persisted in Cambodia almost eight years after the signing of the peace accords in Paris. The desire of most of the remaining people contesting the authority of the Royal Government to lay down their arms and seek peace. Contributing to the spread of peace is part of the development objective of SFKC and this reconciliation

represented an historic opportunity for SFKC to ensure the commitment of the Royal Government;

- (ii) Most parts of the reconciliation areas are poor, covered with land mines and infested with diseases such as malaria. Population living in this areas have suffered from lack of basic services and investment due to the conflict and therefore were eligible for SFKC support;
- (iii) The provincial and local authorities approached SFKC to respond to the reconciliation opportunity in the context of SFKC's role, nation-wide, in the rehabilitation of social and economic infrastructure; and
- (iv) SFKC's capacity to provide rehabilitation assistance while linking this assistance to integration of the former Khmer Rouge areas with rest of Cambodia is unique. No other national agency, at that time, had the capacity to provide rehabilitation assistance in a timely and adequate manner.

To start with, in the reconciliation areas, SFKC staff had discussions with the local authorities and communities and prepared a 'priority needs assessment' note. Based on this, SFKC supported rehabilitation of school premises and bridges/culverts and SFKC was the first agency to work in many of the former conflict-ridden areas. To date, SFKC has rehabilitated 53 school premises and 16 bridges/culverts, 2 irrigation schemes and 700 wells, a vocational training center with training program benefiting more than 230,000 persons.

The independent assessments also established that SFKC (both in Phase-1 work and in its work in the post-conflict areas) met its objectives in rehabilitating essential infrastructure facilities, providing non-agriculture, public works to create wage labor for short-term support and developed the capacity of local, small contractors. This approach has been seen to contribute to a sense of stability within communities and therefore is instrumental in supporting the culture of peace in the country. One of the problems identified by these assessments relate to the dissemination of information among the partner agencies and communities that hampered the appropriate maintenance and sustainability of the facilities created.

Another important operational problem that hampered the rehabilitation work of SFKC in the conflict-ridden areas, as identified by the assessments, was the limitation of line agencies' technical staff. They were constrained by a number of factors: the uncertain nature of institutional

infrastructure and the way they had been trained. Further, the line agencies' staff were usually responsible for giving technical support, not just to SFKC projects but to other projects in the area. All of these circumstances contributed to discouraging field agencies' staff from putting much energy or effort into the implementation of SFKC projects, and inhibited the learning process.

The SFKC's post-conflict work in the formerly Khmer Rouge controlled zones confirm that small-scale projects generally targeted the poorer sections and contributed to raising living standards, that they by and large met the short to medium term requirements of communities, and were implemented parallel to other development programmes in the area. Independent assessments further confirmed that the key factors responsible for the timely completion of rehabilitation of infrastructure facilities in post-conflict areas were effective management and supervision, transparent ranking process in selecting request-applications for appraisal and approval and efficient financial management.

While many believe that rehabilitation projects tend to maintain very high overhead expenses; however, SFKC's low overhead expenses (only 8 percent of total project costs) achieved through local partnerships and careful selection of locally produced materials for construction projects, should be seen as a good model. Support and trust from communities, local authorities, and government and private institutions, as well as cooperation with national and international organizations, have also been critical in maintaining sustainability of SFKC-supported facilities.

Overall, the SFKC's work on the rehabilitation of infrastructure facilities during the post-conflict period indicates that assistance provided through the Social Fund model will be constructive if the sub-projects are: (a) small-scale and particularly targeted at the poor and at groups facing a sharp deterioration in living standards; (b) designed to operate in the short to medium term; and (c) are implemented parallel to other economic reforms. As we noted earlier, the SFKC sub-projects were able to create short-term wage employment and help people through short-term economic stress and have served as a rapid response to mitigate starvation and chronic food insecurity among vulnerable groups.

A major challenge that was confronted SFKC is the reconciliation of short-term project objectives with longer-term development issues such as sustainability and capacity building. While SFKC was able to generate concrete results by directly channelling resources to intended beneficiaries, post-conflict rehabilitation work faced formidable challenges on building capacity to

better reach the poor and vulnerable and to ensure sustainable use and maintenance of the assets created. In addition, the weak institutional capacity, in both the private and public sector in Cambodia made targeted actions more difficult. The SFKC's Phase-II (mid-1999 to 2002), with long-term perspectives, has been designed to address some of these concerns.

Thank you for your attention.