A.I.D. EVALUATION SUMMARY - PART I

PD-ABJ-141

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit:

Mission or AID/W Office USAID/Cambodia
(ES# 442)

B. Was Evaluation Scheduled In Current FY Annual Evaluation Plan?

Yes [ ] Slipped [ ] Ad Hoc [X]

Evaluation Plan Submission Date: FY ___ Q ___

C. Evaluation Timing

Interim [X] Final [ ]
Ex Post [ ] Other [ ]

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)
442-0111	DEMOCRATIC INITIATIVES PROJECT	FY1992	SEPT30,1997	15,000	8,000

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed
SEE ATTACHED		

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: (Month) (06) (Day) (28) (Year) (94)
MISSION REVIEW

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)	DOMINIC D'ANTONIO	N/A	RONALD BRIGGS	LEE TWENTYMAN
Signature				
Date	7/15/94		July 13, 1994	July 14, 1994

AID 1330-5 (10-87) Page 1

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ABSTRACT

Evaluation Abstract (Do not exceed the space provided)

The Cambodian Democratic Initiatives Project was authorized in 1992 with an LOP level of $15 million and a PACD of 9/30/97. The project is one element supporting USAID/Cambodia's nation-building goal, addressing primarily the strategic objective of strengthening pluralism and governance. This formative evaluation was undertaken to review and analyze progress toward achieving the project's objectives and assess performance of each of the grantees, as well as to make recommendations for future programming.

Despite political uncertainties in Cambodia, the evaluation concludes that "important and positive efforts have been begun, and uncertainties about the future should not undercut the activities of the present." The evaluation recommends a continuation of democracy activities in Cambodia, with increased focus on "rule of law", political pluralism, economic liberalization and workers' rights (where the project has achieved significant successes) and reduction of political party strengthening activities (which have been relatively fluid and undefined since the election) until prior to the next general elections. The evaluation recommends the USAID/Cambodia expand support related to the project beyond the current $15 million LOP total (which will be fully obligated this FY) and the PACD of 1997.

The evaluation notes that activities carried out by The Asia Foundation (TAF) were generally less than fully successful during the first year, prior to elections and installation of the government, a period when TAF's activities were managed off-shore. The evaluation cites significant positive progress and outcomes since the RCG's installation and shifting of grant management authority and responsibility to TAF's Cambodian office. TAF's activities include support for the National Assembly, rule of law activities, judicial functioning, and economic liberalization.

Activities of the National Democratic Institute (NDI) and the International Republican Institute (IRI) leading up to the 9/93 election were praised as having been appropriate and successful. However, since the election, the evaluation notes that NDI and IRI programs have been less than well-defined and targeted. Staff turnover has been rapid and both institutes have had significant administrative support problems with their Cambodian offices. Issues have existed between lines of authority and responsibility between field and home offices. The evaluation recommends that USAID not provide continued support for a full-time Cambodian presence of NDI and IRI and that their grants be permitted to end. The evaluation further recommends that support for NDI and IRI be re-considered closer to the next national elections.

COSTS

Evaluation Costs

1. Evaluation Team Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (U.S. $)	Source of Funds
PROF.DAVID STEINBERG	GEORGETOWN UNIVERSITY	442-0110-0-000 4525.00	APPROX.$15,000	442-0110 (TECHNICAL SUPPOR

2. Direct-Hire Personnel Staff	3. Benchworker/Grantee Professional
Staff Person-Days (Estimate) 30	Staff Person-Days (Estimate) 10

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2

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)
Address the following items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
USAID/CAMBODIA	JULY 8, 1994	USAID DEMOCRATIC INITIATIVES PROJECT(442-011) A FORMATIVE EVALUATION, JUNE 24,1994

SEE ATTACHED

N/A

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

SEE ATTACHED

E. Actions Approved By AID Representative:

1) Amend the CDIP to add 2 years to the PACD date and $15 million to LOP funding, making completion date September 30, 1999 and total authorization $30 million.

2) Amend TAF and AAFLI grants to require only an annual implementation plan and semi annual workplans and reports. New grants under this project will conform with these modified requirements.

3) Investigate the possibility of relaxing the concurrence requirements for international travel, purchasing and hiring of project technical assistance.

4) Reduce but not eliminate AAFLI's level of required counterpart contribution.

5) Reach agreement with the Ministries of Education and Justice on aspects of the CDIP which directly involve their portfolios.

6) Notify NDI and IRI that no FY 1994 funds will be forthcoming and schedule their orderly phase out in Cambodia. Also, work with NDI and IRI to develop programming that is achievable in the time remaining (approximately 4-6 months).

7) Increase project activities in the provinces with the following new activities: a) continuation and expansion of the Georgetown University Small Business Training Program to Battambang and perhaps Kompong Som provinces through a direct grant to Georgetown University; b) funding for a nation-wide provincial court reform project through a grant directly with the Law Group; c) wholly or partially funding the National Assembly's "constituent outreach" offices in each of the 20 provinces through TAF); d) funding the 14 provincial offices of the Cambodian League for Human Rights (LICADHO), a major human rights group in Cambodia, through TAF; e) Expand funding, through TAF and GU and in conjunction with AIDAB and/or other bilateral donors, of the Faculty of Business Administration, which might include satellite campuses in one or two provinces; f) consider initial funding, through TAF and with other bilateral donors, a Faculty of Law to address the needs of the private sector. This Faculty might have provincial campuses and be combined with the Faculty of Business Administration.

8) Continue and expand AAFLI's Cambodia project to include fulltime in-country representation and increased assistance to the Ministry of Labor.

9) Fund a fulltime expert advisor to the Ministry of Education to deal with issues of higher education and help facilitate USAID programming in this area.

10) Request that TAF hire additional personnel to help local subgrantees develop institutionally and to monitor their use of USAID/TAF funds.

E. continued...

11) Request TAF to increase English language training for government employees and university students. Encourage the continuation of TAF's efforts to translate course materials into Khmer and to hire Khmer-speaking instructors. Also to explore ways to get the donor community to support the development and distribution of Khmer-language wordprocessing and desktop publishing computer software.

Action: Either USAID/Cambodia Project Offier or the AID Representative will be responsibel for carrying out the approved recommendations. Expected completion date is December 31, 1994.

J. Summary of Evaluation Findings, Conclusions and Recommendations:

The purpose of this formative evaluation was to assess the transitional needs of Cambodia's nascent government and emerging civic sector, and to review, as well as to make recommendations for progress of USAID/Cambodia grantees funded under the Cambodian Democratic Initiatives Project (CDIP).

Principle Recommendations:

USAID Administrative/Programmatic:

1) Amend the CDIP to add an additional 5 years and an unspecified amount of new funding to the LOP.

2) Relax grantees' quarterly reporting requirements, as well as AID Handbook-mandated Mission concurrence requirements for travel, hiring and purchasing. Additionally, reduce the intensity of day-to-day AID management of TAF, since the last year has been a uniformly-agreed success for that grantee.

3) Add a contracting officer to Mission/Phnom Penh to improve compliance with regulations and responsiveness to grantees' needs and inquiries.

4) Consider combining USAID management of the CDIP and the PVO Co Financing projects into one staff position to increase coordination of NGO/pluralism activities.

5) Formalize the CDIP with the Royal Cambodian Government and work more directly with the relevant ministries on projects requiring RCG involvement.

USAID Project:

1) Allow for the orderly phase out of NDI and IRI activities over the next six months using funds already obligated under their respective grants; no additional funding is recommended. Reach agreement with the grantees on high impact training activities to be accomplished in the remaining period.

2) Shift more CDIP resources to activities in the provinces.

3) Consider taking the International Human Rights Law Group and Georgetown University subgrants out of TAF's subgrant portfolio and making direct grants to them for expanded projects in their respective areas of provincial court reform and business education. Keep the USF subgrant under the TAF umbrella.

4) Fund AAFLI sufficiently to allow the hiring and placement of a fulltime expatriate staff person in Cambodia.

5) Fund a fulltime advisor to work with the Ministry of Education on higher education issues.

J. Continued...

The Asia Foundation:

1) Increase voluntarily and beyond the 25% counterpart contribution requirement TAF's contribution to the Cambodia programming to diversify the TAF portfolio to help establish an identity for TAF that is separate from USAID and the US Embassy

2) Increase monitoring of subgrantees' activities and expenditures

3) TAF Representative to assume a more public role, especially in the provinces

4) Direct more funding to rural/provincial activities.

NDI/IRI:

1) In conjunction with USAID, develop an intense training program for the remainder of the project in Cambodia; focus on provinces.

2) Continue to monitor Cambodia events and situation from Washington to facilitate return to Cambodia before the next election, if the situation then warrants NDI's and IRI's involvement.

AAFLI:

1) Expand programming plans for FY 1995 to include labor in the developmental context, especially in rural areas, and to work more broadly with the Ministry of Labor to improve its overall performance and ability to implement soon-to-be-enacted labor laws.

Cross Cutting Issues:

1) Sustainability and Replicability: Cambodia and USAID assistance is at too early a stage to be able to meet normal USAID requirements on these issues.

2) Human Resource Development: Given the history of Cambodia and the lack of qualified people to manage the institutions of a democratic society, this must be the top priority of every USAID/Cambodia project; special attention must be paid to assuring that the training offered matches employment opportunities in both the public and private sectors.

3) Women in Development: While programming in this sector has been successful to date, expanded programming should be pursued when opportunities present themselves.

J. Continued...

4) Khmer Language: Expand support for Khmer language reading materials and training, but increase push on English, as well, as English can be viewed as a major Democratizing issue.

L. Comments By Mission on Full Report:

AID Rep and project staff have thoroughly reviewed the formative evaluation and offer the following comments:

The state of democracy (we agree with the evaluator that "governance and pluralism" are more accurate descriptions of the issues at hand, but "democracy"is used as the choice word of AID/W) in Cambodia was accurately portrayed, in our opinion, in the evaluation. The United States is by far the largest donor in the field of democracy here, and, while we are under no illusions that our assistance is the key to democratic reform in Cambodia, our assistance has become crucial to the development of some key institutions and concepts, such as the parliament and human rights. With this in mind a decision has been taken by the AID Representative to amend the project for an additional 2 years and $15 million, carrying it through FY 1999 with a total LOP authorization of $30 million.

We appreciate the evaluator's frank and honest assessment of the chances for democratic political party development in Cambodia at this point in its history, and accept his recommendations to phase out NDI's and IRI's in-country presence. We are open to the possibility of inviting these two groups back to Cambodia at a more appropriate time, perhaps before the next Cambodian elections scheduled for 1998.

We would like to be more accommodating of the evaluation's recommendations to release TAF and other grantees from burdensome AID regulations, but unfortunately most of these are mandated in the AID Handbooks and are out of our control. We will, however, seek legal assistance from the AID/W.

We also take seriously the evaluator's strong exhortations (in writing and verbally) to get more funding for activities in the provinces and have moved quickly to do so. The list provided above in Section (E) is not exhaustive, and we will continue to seek opportunities to fund projects outside of the capital city of Phnom Penh.

We also are moving more CDIP funds into human resource development, either through existing or new activities. The evaluator's emphasis of this issue will play a role in our review of TAF and GU proposals to support the faculties of Business Administration and Law.

Women in Development has been and will continue to be a priority area for USAID/Cambodia in this project and others. The evaluation's endorsement of our current efforts in this field are based on significant programming by TAF, including women in media, the national assembly and NGO projects. Where new opportunities exist within the scope of the project, we will pursue them.

XD-ABJ-141-A

CAMBODIA

USAID

DEMOCRATIC INITIATIVES PROJECT

[#442-0111]

A FORMATIVE EVALUATION
FINAL

David I. Steinberg
Georgetown University

June 24, 1994

The views expressed in this report are solely those of the author and do not necessarily represent those of the Agency for International Development, the Department of State, or any grantee organization discussed herein.

DEMOCRATIC INITIATIVES PROJECT

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EXECUTIVE SUMMARY

The Democracy Initiatives Project ($15 million) is a major USAID effort to capitalize on the momentum toward democratic process in Cambodia begun with the elections of 1993. The project is presently centered on four grantees: The Asia Foundation, the National Democratic Institute, the International Republican Institute, and the Asian-American Free Labor Institute. All but the first are associated with the National Endowment for Democracy This evaluation is a collaborative one that effectively focuses on the period since the elections of May 1993.

The Foundation programs, after a very troubled first year, have received extensive respect. The Institutes, widely noted as having a very productive period before the elections, have not been as active as their administrative costs would warrant. AAFLI is too new to evaluate.

The Foundation has programmed in the fields of law, human rights, governance, the legislature, the press, non-governmental pluralism, and economic liberalization; with the political parties by the Institutes, and with labor by AAFLI. All these small-grant organizations have expensive administrative costs.

The evaluation notes that concepts of democracy and law represent core values or aspirations related to power, its organization and distribution. Foreign aid's possible effects on these fields are limited, although programs are important and should continue.

The evaluation cautions that the Cambodian political situation is highly volatile, and power personalized and hierarchical, and that progress toward democracy is not irreversible. Expectations should not be inflated, progress is likely to be slow, and USAID support needs to continue over a long period. Perhaps the most important avenue toward pluralism, and eventually democracy, is through the NGO community.

The evaluation recommends that the project be extended, but that USAID administrative control over all grantees, which has been restrictive, should be liberalized. It recommends that the funding for both Institutes be allowed to run out over the next six months and a resident program not be renewed, but reconsidered at an appropriate period before the next election. The evaluation makes specific suggestions for improvement of the operations of USAID and each of the grantees, and draws some general lessons concerning the need for country knowledge and clear administrative authority, together with improved AID contracting procedures.

Noting the importance of the American presence in Cambodia at this time, it warns against complaisance in view of the uncertain prospects. It suggests negotiations with the Cambodian government on official recognition of Foundation-supported education programs, and with the French on programmatic rivalries.

ACRONYMS

AAFLI	Asian-American Free Labor Institute
AID	Agency for International Development
CPP	Cambodian People's Party
FUNCINPEC	National United Front
ILO	International Labor Organization
NDI	National Democratic Institute for International Affairs
NGO	Non-Governmental Organization
IRI	International Republican Institute
USAID	United States Agency for International Development, Field Office

PREFACE

This evaluation is designed to assist USAID/Cambodia in considering the future directions and institutional relationships of the Democracy Initiatives Project. The period since project initiation is too short to allow any substantive evaluation of the subprojects or activities of each of the four grantees, although the evaluator attempted to visit or meet with as many of the principal institutions, staff, and technical assistance personnel as possible. He also visited Battambang to view provincial efforts in that area. At this stage, the subprojects, most of which are recent, are not subject to evaluation because they are too new, and time in any case would be too short to do any comprehensive analysis. In any case, they are less important within the scope of this evaluation than reviewing the overall policy directions of the USAID and the Project within the Cambodian context, as well as discerning the directions of the individual grantee institutions.

The relationships between USAID and each of the grantees loomed large as the evaluation began to take shape because of two questions: what effect did these relationships have on both USAID's and the grantee's program, and did the relationships strengthen or hinder project effectiveness.

The special circumstances of Cambodia with the UN intervention and the resulting elections created a degree of uncertainty at the beginning of the project. This caused plans to shift to meet changing circumstances. This resulted in less attention paid here to the earlier period of programming except as background to present activities and future plans. This is also in keeping with the "formative evaluation" concept, which is designed to be forward looking.

This evaluation raises a series of delicate and difficult issues. The evaluator understands their significance, and the recommendations suggested herein are not casual observations, but attempts to combine his perceptions of U.S. interests and public responsibilities with an assessment of future Cambodian needs.

It must be stressed that the views presented here are solely those of the author. Under no circumstances should they be attributed to any other individual or institution. Because of the delicacy of these conclusions, no list of those interviewed is included; all must remain unindicted co-conspirators. The author wishes, however, to thank all those with whom he met and who graciously offered of their time from their busy schedules to present their views and explain their programs. He especially would like to thank the USAID and grantee staff for their invaluable help. They remain anonymous only here, for all are well known elsewhere.

It has been an important opportunity for the evaluator to see firsthand recent developments in Cambodia and meet with many leaders. One cannot come away without respect for many who are grappling with a set of problems the magnitude of which is

enormous--perhaps matched only by the potential.

David I. Steinberg
Georgetown University

CAMBODIA

USAID

DEMOCRATIC INITIATIVES PROJECT

[#442-0111]

I INTRODUCTION

No country in Asia has weathered as severe a set of political and social traumas as has Cambodia. Devastated by over three decades of war and revolution, massive executions, forced dislocations, institutional destruction, the exodus of much of its talent, and foreign invasion, Cambodia finally won the acclaim of the international community through the extensive intervention of the United Nations in creating the conditions for and monitoring of a nation-wide election that was considered both fair and had an extensive turnout. Indeed, it was one in which the ruling party lost the election and accepted its defeat.

These events have shaped the contemporaneous politics, social structure, and psyche of the state and its people. It is within this context that The United States through its USAID in Cambodia has attempted to seize the moment and move to help the process of democratization, first by supporting the preliminaries to the election, and then by attempting to institutionalize the democratic gains that have been made.

This project, authorized for $15.0 million in 1992, was designed to work through a variety of intermediaries to assist the process. This essay reviews the various aspects of the project in midstream, and makes recommendations and draws lessons for the future.

The task for all has been daunting; and donors, grantees, and the ultimate recipients of support have been haunted by the spectre of the past and present Cambodian milieu in which virtually all issues still remain unresolved.

A. The Cambodian Milieu

Even as donors and the Cambodian government design for the future development of the state and the potential improvement in the lives of its peoples through longer range planning and institutional development, major questions relate to immediate political stability. It is a frail and tenuous political situation. The "government of national reconciliation" is fragility incarnate, the political parties are fractional. FUNCINPEC, which defeated the CPP in the voting, is weak and is said to be on the verge of

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splitting. The CPP, which lost, has the real organizational capacity and is deeply entrenched in the provincial areas and at the working levels in many ministries. It controls the administrative structure of the state. The King is said to be interested in returning to take over political power, but wants to be invited to do so, and accepted by a National Assembly that may be split on the issue.

Although there are powerful forces for fragmentation, there are also strong externally generated reasons for the coalition to hold together. A military coup would, by U.S. legislation, cut off American assistance and could well begin a general retrenchment in desperately needed foreign aid. A state collapse would reduce the society to penury. The inclusion of the Khmer Rouge in a government would raise serious questions among some donors. The United States maintains that any precipitous political change would cause great concern unless it took place through constitutional procedures.

The structure of power, however, is not centered on political parties, but on individuals.[1] Cambodia politically is an example of a traditional society in which power is highly personalized and resides in the authority of the individual, not the institution. Power is also conceived as a limited good; thus sharing power or delegating it reduces the authority of the leader, diminishing his role in society. This gives rise to patron-client relationships in which entourages are built and thus factionalism becomes the modus operandi of the society as a whole and is endemic.[2] Under these circumstances, which are the inchoate norms of societal operations, political parties become the vehicles of individuals more than party platforms, institutions often the means of personal aggrandizement more than a program or policy agenda, and law is subordinate to leadership, becoming a means for the elite to retain control. Politics becomes more complex than in more modern or transitional societies.

The centralization of power personally, institutionally, and physically in the capital is compromised by the lack of a meritocratic bureaucracy, as one finds in Confucian-oriented societies (including Vietnam). This has further intensified the patronage

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[1] It is important to stress here that any broad characterization of a society is not meant to imply that all people or any particular individual acts in any prescribed manner, but that these tendencies are evident and more pronounced than in contrasting groups. It should also be noted that social norms change, and sometimes relatively quickly. The status of women in the United States, which improved in one generation, is just one example.

[2] Factionalism is strong even when the overall ideological orientation is pervasive. For factionalism among the Khmer Rouge, see Zachary Abuza, "The Future of the Khmer Rouge: Internal and Extermal Variables." *Contemporary Southeast Asia*, Volume 15, No. 4, March 1994.

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aspects of the society. When the Asia Development Bank offered a plan to retire one-third of the vastly inflated University of Phnom Penh staff in return for major assistance, the University turned it down after the elections, explaining that they had instead to hire additional staff to satisfy FUNCINPEC's political requirements.

The problem of movement from traditional norms of control toward the goals set forth by the state itself--a democratic political system under the rule of law with growing economic betterment of the lives of its citizenry under a market system--would raise profound questions under the most benign of circumstances. Instead, Cambodia is in the midst of a civil war with the Khmer Rouge. The charismatic head of state is said to be terminally ill, if not in immediate danger. Travellers say there is no real administration throughout the countryside with renegade soldiers who may not have been paid for months foraging off the peasantry. (On this evaluation, we have personally seen instances of roadside extortion.) There are few funds with which to operate the overblown and inoperative civil service, the military is inept and terminally top heavy. Salaries are below living requirements. The traditional societal restraints were destroyed first by the Khmer Rouge, and then by the Vietnamese. The entrepreneurial spirit was broken first by the planned destruction of the economy and the institutions connected with its operation, and then by the rigidity of a centrally planned socialist economy.

In a society that has traditionally been hierarchical, reflected in its royal institutions and even in its language, hierarchy is not only maintained through royalty, and through power (such as the military), but also through money, which is now largely obtained by corruption. There is a universally held opinion that corruption is ubiquitous--from the customs officer, the soldier demanding funds at an illegal roadblock, the sales of virtually anything, and to every operation including the entrance to schools and universities. Many would identify corruption, in part required by the irrelevant salary scale of most institutions (a high level civil servant may earn $20-23 per month on which he cannot live), as the single most important immediate issue facing the state. Some say that since the elections corruption has become worse; payments must be made to the two leading parties rather than one.

Corruption is culturally defined and is only of local importance except under three circumstances: when it undercuts internal development; when it destroys the political legitimacy or perceived efficacy of government; and when it interferes with the economic role of the state in the international economic system. In Cambodia today, all three seem to be operative.

This political problem becomes circular and reinforcing. The Khmer Rouge reiterate two themes that observers say are very effective: anti-corruption and anti-Vietnamese (see section II,F,5

below). They both strike responsive chords.

> The KR [Khmer Rouge] will either wait for the RNGC [Royal National Government of Cambodia] to collapse as a result of interparty rivalry, or instigate rifts within the government. The KR will seize opportunities created by continuing corruption, the growing urban-rural distribution gap, and the lack of economic growth in the countryside. They will continue to play on the public's fear of the Vietnamese settlers, condemn corruption, and champion the cause of the rural poor.[3]

Corruption allows the rich to become richer; it enables the rich to pay the necessary bribes to enable children to get into schools and thus qualify for jobs that, unless the system changes, will reinforce their elite status and enable them to gain more from corruption. Economic and social class distinctions will be exacerbated, encouraging the Khmer Rouge (or other future such groups) to attack further these people and institutions, and winning support from those deprived--the 'old people.'

The picture, as starkly painted as it is, is not completely bleak. This developmental miasma is recognized by many Cambodians, who work as they can to alleviate some of the problems and try to train a new generation of leaders to replace those lost over a generation and a half of disasters. New concepts are developing and have strong, if minority, support. There are progressive elected members of parliament. There are those who believe in and work for a free press, others who devote themselves to rural or urban community advocacy. There are honest civil servants, and potentially vital development and democratic institutions. And there is a proliferation of foreign aid--from the multilateral and bilateral agencies, and from the international non-governmental community. But they all operate in the most delicate of circumstances in a society bereft of much of its earlier trained human resources. Foreign aid organizations are thus sometimes competing for the attention and programs of those individuals and institutions recognized as both progressive and with probity.

Within this context, the United States has attempted to play a proactive but balanced role. It has been important in whatever progress toward democracy Cambodia has made. It has remarkable access and acceptability at all levels of government. It acts informally because of its status, trusting that its position will prevail over formalities. The USAID, for example, does not have a formal agreement with the government on this project. The U.S. aid, technical advice, and support are welcomed. Its aid program is visible and pervasive in some fields. It has, many would say, "leverage" in influencing some types of Cambodian events. It is not without its critics, however. Some Cambodians have criticized the interference of American institutions into internal affairs; others argue that it has been somewhat reluctant to use this

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[3] Abuza, *op. cit.*

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influence in important fields (e.g., freedom of the press, etc.). Then there is obvious and blatant competition with the French in influencing the direction of certain types of reforms, such as in law, higher education, and foreign language instruction (see below). How long this elevated American position will last if internal conditions deteriorate is a question.

The U.S. program in Cambodia seems not only to be designed to assist, but also to buy time for the political and military divisive forces affecting the serenity of the state to dissolve, and for new, progressive institutions to take root. How long a road this may be is unclear at this stage. The potholes in it, however, are many and deep.

In spite of any such factors, the role of USAID is extensively recognized as critical, positive, and influential; and it is to the USAID strategy we must now turn.

B. The USAID Cambodian Strategy

The USAID/Cambodia strategy incudes democratic issues as integral to its program, in contrast to many AID missions where it is clearly peripheral. It has three objectives:

* Strengthening pluralism and governance
  "To reinforce democratic gains by further strengthening the capabilities of public interest NGOs, processes and institutions and to strengthen Cambodia's capacity to govern by helping to establish legal, regulatory, and judicial systems;"

* Supporting broad-based economic growth
  "To promote sustainable broad-based economic growth by helping to establish an outward-looking market-oriented policy framework."

* Meeting basic human needs
  "To help meet basic human needs by supporting programs and policies which assure that rural citizens and vulnerable groups have access to services and participate in economic growth."

Thus, in terms of objectives, the Democratic Initiatives Project is one element at the core of USAID programming, in contrast to many missions where, in spite of hyperbole, it has been obviously marginal.

The Democratic Initiatives Project, begun in 1992, is funded at $15.0 million until its termination in 1997. It is likely that a new project or an extension will be proposed that will continue the program. The concern over democratic institutions is not, however, limited to this project. Much of the PVO Co-financing

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project (#442-0112, $50 million over seven years, 1993-2000) is concerned with the development of pluralistic institutions, which in effect is a more realistic explication of the democratic principles.

Noting the positive and negative aspects of the Cambodian situation, strategic issues, pressing issues, as well as potential risks and vulnerabilities, the document[4] has three strategic objectives, the first of which is: [1] "To reinforce democratic gains by further strengthening the capabilities of public interest NGOs, processes and institutions and to strengthen Cambodia's capacity to govern by helping to establish legal, regulatory, and judicial systems."

The program outcomes the strategy anticipates are:

* "Stronger, viable mechanisms and organizations to participate in the democratic process;

* Increasing participation of individuals and groups in shaping the national agenda and selecting means for implementation;

* Development and implementation of transparent and predictable legal, regulatory and judicial systems;

* Improved administrative and analytical support to the legislative process;

* Improved judicial functioning;

* Improved administrative efficiency, analytic capability, and management of resources in ministries;

* Increased public access to legal information."

It is clear that the project under review is one of the more critical elements of the Mission's strategy, and this is reflected in the Mission's close management of the four primary grantees.

This strategy was reviewed in Washington in June 1994, and endorsed.

C. The Evaluation: Goal and Purpose

The goal of this evaluation is to improve the Democratic Initiatives Project, while its purpose is to review and analyze progress toward attaining the general objectives of the project as

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[4] *USAID Assistance Strategy for Cambodia FY 1994-97*. USAID/Cambodia, May 1994.

a whole, as well as the specific accomplishments of each of the grantees. It includes provisions to analyze progress and make recommendations for future activities and means to monitor projected programs. It is also meant to study the impact, sustainability, and cost effectiveness of each of these operations. The issue of the relevance of each of the grantee's objectives to the Cambodian context is to be explored, as well as the mesh between them and the USAID democratic objectives in the country.

Time limits the depth to which each individual subproject or activity of the four grantees can be examined. Efforts have been made to meet with three sets of individuals external to the official U.S. community: the grantee staff, the principal subgrantee leadership of the institutions supported in all fields, and a number of unrelated but knowledgeable observers of the Cambodian scene to try to provide balance and context to the project. Battambang Province was also visited to review specific grantee project activities, meet with other NGOs, and to observe the situation close to the Khmer Rouge front.

D. The Nature of the "Formative Evaluation"

This evaluation is designed to move the Democracy Initiatives Project forward, rather than to concentrate retrospectively on the past performance of the grantees and their relationship with USAID. It offers the opportunity to affect positively the forward motion of an important set of substantive initiatives in a highly politically charged atmosphere.

The evaluation is thus not confrontational, but collaborative among all the parties involved and the evaluator. From it we hope that lessons may be learned from the activities of all parties and their interaction for each of the parties in their future programs, and for the future of democracy-related efforts in other countries.

Because many of these activities are still new, in most cases less than a year old and date from after the national election of may 1993, little statistical data can be accumulated, and the specifics of many of the subactivities of each of the grantees can be evaluated only on the basis of anecdotal evidence. (How does one, for example, evaluate the results of a seminar for political parties without actually witnessing its dynamics and then exploring the follow-up?) This evaluation thus must concentrate on some of the broad conceptual issues, and the potential efficacy of each of the grantees under past and proposed administrative relationships.

Cambodia is one of the most volatile of states at this particular time. It is hazardous at best to predict the future in light of an operative rebellion and the severe ill-health of the charismatic Head of State, who is probably irreplaceable in his present role. The political future of the state must be in some doubt, and any democracy-related project--overtly political in

nature--must be held at least in part hostage to an inscrutable future.

Important and positive efforts have been begun, and uncertainties about the future should not undercut the activities of the present. To procrastinate programmatically would be both inappropriate and indeed a dereliction of duty. No statement of uncertainty, political concern, or caution about inflated expectations should be interpreted to imply a cessation of program action.

It is within this context that the project is being evaluated.

E. Democracy in Cambodia and the Project

1. Democracy--General Considerations

The United States' preoccupation with democracy is not a new phenomenon. Within the context of foreign aid, it dates from the beginning of the post-World War II programs when both the Cold War and the United States' perception of the efficacy of most of its institutions were at their acme.[5] With the end of the Cold War, the ultimate, universal triumph of democracy seemed inevitable. Even as there was growing cynicism over the condition of the United States and most of its institutions a generation after World War II, this was not true about the democratic system. This optimism was reinforced by economics--the collapse of the centrally planned economies. The claim of a close, causal link between economic pluralism and political pluralism (the American model) seemed to follow inevitably, and this developmental policy seems to have been based on an effective Eastern European experience, but one applied worldwide with more limited relevance to other regions than its proponents may have realized.[6]

Democracy, whichever of the many reasonable definitions one might adopt (in contrast to those adjectivally disadvantaged, such as "peoples'", "guided," etc.), is a continually evolving process and not in stasis. As such, it is subject to a wide spectrum of interpretations from a cultural or sub-cultural perspective as long as the peoples' free execution of their will through elected representation is maintained. Contrary to much of the popular press, however, it is not simply or fundamentally an election, as we have

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[5] See, for example, Robert Bellah, *The Good Society*, for a discussion of the general issue and more specifically foreign aid.

[6] Larry Diamond is quoted as having said that "the assertion that democracy and economic growth are linked is a probably statement. They tend to be positively correlated." *Finding and Conclusions. Perspectives on Democracy: A.I.D.'s Role in Asia*. AID, Bureau for Asia, Kathmandu, Nepal Conference, January 1992. Yet Singapore, Indonesia, Malaysia, Korea, China, Vietnam, etc.

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witnessed in a variety of countries from Algeria and Haiti to Burma. One scholar writing on Cambodia noted:

> [T]his paper argues that notions of democracy and aspirations for democratic traditions have little explanatory value when considering the electoral outcome in Cambodia. Rather traditions of authority arising from Cambodia's past as a Buddhist monarchy, and the pervasive hierarchism (patron-clientism) in Cambodian culture are more useful concepts for explaining the choices made by the Cambodian electorate. This paper puts forth the thesis that the FUNCINPEC party embodies the royalist heritage which Cambodians sought to recreate through the vehicle of national elections in order to restore social and moral order out of the chaos and disharmony of the past 23 years.[7]

The Cambodian election of 1993, still relatively recent, however successful, thus cannot be considered either a manifestation or a portent of democracy; it could be either, or a temporary sport of an autocratic or traditional organism. It is too early to determine how it might influence that society. To consider this issue in Cambodia, we must first examine some underlying general aspects of democratic societies, recognizing that both states and political institutions, as any good Buddhist would be the first to admit, are always in a state of flux.

According to a AID workshop:

> The only absolute requirement for a country to become a stable or sustainable democracy is the commitment of its elites to democracy. This position opposes the well-known thesis that there is a minimum threshold of socio-economic development before a country can become democratic.[8]

This thesis, which may be valid, skirts the issue of who defines and how elites define that commitment--a public posture, a constitution that is ignored, even a belief in theory that is negated in practice, or a real shift in political and social values? Can, then, elites bring along a population and an opposition to this fundamental shift? How long does it take? And is foreign aid essentially peripheral to the process? These are some of the more basic questions pertaining to the thesis.

The primary issue in speculating on the future of democracy in any society is how power is conceived, administered, shared, held, and distributed. In the West, power is generally now inchoately considered to be infinite; by sharing it one may accrue more. Many

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[7] Kate Frieson, "The Meaning of the Cambodian Elections: The Quest for Democracy or a Traditional New Order?" Abstracts of the Association for Asian Studies Annual Meeting, March 1994.

[8] *Findings and Conclusions. Perspectives on Democracy: A.I.D.'s Role in Asia.* Bureau for Asia, AID. Kathmandu, Nepal Conference, January 1992. The thesis is from Larry Diamond, Hoover Institution. It is supported by an AID study of rule-of-law programs. See *Weighing in on the Scales of Justice. Strategic Approaches for Donor-Supported Rule of Law Programs.* AID, February 1994.

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societies, however, view power as a limited good to be horded, for to share or distribute it would diminish the prestige, as well as the power, of its possessor. In many such societies, power therefore is personalized, maintained for the aggrandizement of its holder and those who support the leader. Thus, patron-client relationships or entourage systems become paramount means by which institutions function: institutions thus become the means by which to gain or maintain power, and programmatic considerations become non-existent, marginal, or used to manipulate the power base. In societies with relatively small elites, this leads to factionalism, which then feeds on itself and is perpetuated.

The American experience and social science literature demonstrate that there are a variety of institutions and relationships that make up a democratic state. These include a vibrant, elected, legislature; a judicial system independent of the executive branch; the "rule of law," a general separation of powers among the three branches of a central government, and between it and the constituent geographic elements of the state; a free press independent of the executive branch; a multiple political party system; the right collectively to organize labor; private property and business ownership--all of the above operating on the base of a civic society in which citizens join together to pursue their collective and individual aspirations. Indeed, these are all elements of the USAID Democracy Initiative in Cambodia, but at this stage in Cambodia all are tenuous.

It is also evident that even if these institutions were to function effectively, when power is perceived as highly personal or the state considers it has the right, even moral or legal obligation, to intrude intimately into private lives or business relationships, then these elements may be used for contrary purposes. The courts can better administer repressive legislation (as in Burma), political parties can be used for personal agendas (as during much of Korean independent history), the press may be indirectly controlled,[9] legislatures may be impotent (as in Indonesia).

So when these institutions all function effectively, we may still witness what has been called "procedural democracy," in contrast to "substantive democracy."[10] Since the functioning of political institutions reflect many of the more fundamental societal norms (as we also believe law does--see section II, A below), the role of foreign organizations in affecting change is necessarily limited. Political liberalization may be improved (voter regis-

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[9] As a dictator in a Tom Stoppard play says in response to a question on what he meant by a "relatively free press," he says, "A press controlled by my relatives."

[10] This distinction was made in a lecture by Professor Ahn Byong-chun (Yonsei University) in discussing the present state of politics in Korea.

tration, election watches, legislation, etc.), but affecting how these organizations function in democratic terms is difficult of access for any exogenous group.

This is not to maintain, however, that change is not possible over time, but simply that the role of any foreign organization, regardless of its budgetary allocations, will be limited over any reasonable programmatic time period. This is not to deny the usefulness, even importance, of attempting to influence positively change, creating conditions under which internally generated reforms can prosper, but rather to create realistic expectations of what might be done by the donors and their sponsors, such as the Congress.

Here it is important to note that the project paper on this project by USAID is the most candidly realistic of any such paper produced by AID that the author has read.

2. Project Components

This diverse project, composed of four major American subgrants and a very large number of local subgrantees, may be divided into five essential elements, none of which is exclusive to any of the four grantees. These are:

a. The "Rule of Law," which includes legal training, legal aid, legislative drafting, work with the legislature, the administration of justice, human rights activities, paralegal training, etc.

b. Political pluralism, which includes the work with the various political parties within and outside of the National Assembly.

c. Civic and non-governmental development, or the formation and increased strength of civic organizations in mobilizing for social goals, and an independent press.

d. Economic liberalization, or assisting the movement from a planned to a more market-oriented economy (in line with the new Constitution).

e, Labor, or creating legislation that will establish the rights of labor to organize and negotiate for redress.

This regrouping is designed to provide a broad overview, but none are inherently self-contained--they overlap and interconnect. Below, each of the grantee's activities will be considered as part of their program.

F. Project Grantees

Four institutions have been the prime USAID grantees in the Democratic Initiatives Project. Each has had individual capacities and operational styles and philosophies. In the Cambodian context, these diverse organizations share a common attribute: all of their operations in Cambodia are virtually completely dependent on USAID funding. This has led to dependence on USAID for considerable program influence or guidance not only because of the funding, but because USAID had greater experience and knowledge of the country when each of the grantees started operations. This potentially creates an intimacy with USAID that could be a strength or a weakness; it also creates a public identity with USAID in both foreign and Cambodian circles that undercuts the autonomous image of each of the grantees.

1. The Asia Foundation: Experience and Capacity

The Asia Foundation has had broad experience in working toward democracy, one of its primary objectives since its founding in 1954. During that period, it has programmed in each area included in this project, except for direct work with political parties, although it has supported programs dealing more generally with elections and the elective processes. It has the most extensive law-related program in Asia of any U.S. organization, and its work with legislatures spans most countries where it programs. The press has been a continuous concern to the Foundation since its inception, as has fostering and programming with non-governmental organizations. Labor programming has also been of interest to this group over the years.

The strength of the Foundation is the individual authority of its overseas offices, and their capacity to respond flexibly and quickly to the individualized needs of particular societies, for all of which the Foundation has been noted. Staff are normally specialists on Asia with experience within the Foundation framework. The Foundation's generic weakness may be its overidentification with the U.S. government both historically and at present.

The Foundation is funded by a core grant from the U.S. Congress, supplemented by individual grants from Foundations and businesses (including those in Asia as well), and increasingly, as AID has stressed democracy programs, from AID. Usually, AID funds only support a portion of the overseas program in any one country. Cambodia is an exception.

The capacity of the Foundation in experience and administration is thus very strong.

2. The National Democratic Institute (NDI) and the International Republican Institute (IRI): Experience and Capacity[11]

The NDI and the IRI were established by the U.S. Congress as an operating arm of the National Endowment for Democracy (which also carries out its own programs). Both organizations were founded in 1983 with the expressed purpose of working directly with political parties as a part of their political processes to further the growth of democracy. Since they were not focused on Asia, their staff were generalists concerned with the American political process rather than with those overseas. They have brought in specialists on political parties from other countries as well.

The strengths of both organizations lie in their potential to train individuals and institutions in the organizing, operations, fund-raising, and other detailed aspects of political party work as well as in the concepts associated with the democratic process. The weaknesses of both at the operational level relate to resident missions and staffing, although a generic weakness is also their strength--involvement in the political process and how that involvement is perceived in any particular society. In Cambodia, because of a powerful U.S. presence, this did not seem to be an issue in itself.

Neither organization was experienced in establishing overseas offices with continuous programs. Because of this, it was said that the delegation of authority between the field and the headquarters was often indistinct. Core headquarters and some field staff of each organization were not steeped in Asian affairs, and in the case of Cambodia outside staff had to fill this gap.

The programming style of both organizations (and AAFLI as well, see below) was quite distinct from the Foundation. The Asia Foundation generally provides grants to institutions and individuals and refrains from the direct management of projects. The Institutes and AAFLI, however, generally have managed program operations directly by themselves (or staff that they have seconded from other institutions and indeed from other countries) in training seminars, workshops, and other venues. This had begun to change in the planning of the IRI, but has not yet been imple-

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[11] This evaluation was drafted before an article of the National Endowment for Democracy was brought to the author's attention. This quite favorable article by Thomas Carothers, ("The NED at 10," *Foreign Policy*, No. 95, Summer 1994), he makes two criticisms germane to this evaluation. He noted the Institutes have "an insufficient connection between democracy work and the field of development assistance," and that there is a lack of understanding of local milieux. "The NED relies too heavily on the notion that democratic transitions all over the world share basic characteristics. The result is that endowment projects are often swimming on the surface of deep, turbulent political forces, not taking into account the complex histories of relevant persons and groups." These comments apply to the Cambodia situation.

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According to all reports, the work of both Institutes in educating political parties in Cambodia before the elections of May 1993 was highly successful. A relatively short, concentrated (but expensive) effort was necessary to assist the election process and this the Institutes carried out with vigor and skill. The sustaining of party building activities in the post election period, while of theoretical importance, was in both cases more sporadic.

Thus the potential capacities for the Institutes were strong on the political organizational front, but much weaker in sustained field operations.

3. Asian-American Free Labor Institute (AAFLI): Experience and Capacity

AAFLI was founded about 1967 as a regional effort by the AFL-CIO to program in Asia as a counterpart to other, separate labor institutes operating in Latin America and Africa. It was originally funded by AID through the Asia Bureau (and subsequent permutations of that office). It was later included in the funding for the National Endowment for Democracy. In addition to core funding, AAFLI receives grants from USAIDs for specialized operations in certain countries (e.g., Indonesia). AAFLI has or had offices in the Philippines, Vietnam, Indonesia, Korea, Nepal, Thailand, and Turkey, among other states. The core funding for AAFLI was cut by about 80 percent over the past six or seven years, severely restricting its operations both in its Washington headquarters and in the field.

In the first field evaluation of AAFLI conducted by this writer in the mid-1970s, it was apparent at that time that AAFLI was very strong and competent in its programs concentrating on the organization and operations of unions themselves, but was weak on an understanding of development and the broad, potential role of labor in that process. This seemed to be a result of recruiting most of the representatives from the unions themselves.

AAFLI has been working in Cambodia under a small USAID grant through its Bangkok office since October 1993, and proposes to expand its operation in Phnom Penh to include full time expatriate staff under USAID support. It has worked here on reform of the 1992 Cambodian labor legislation, which it believes does not meet the U.S. and international trading standards.

II PROJECT EVALUATION

A. The Rule of Law

"The Rule of Law" is the cornerstone of American attitudes toward programming toward democracy. It is a slogan around which most Americans would rally. This attitude is the product of the long western tradition of a continuous, integrated dynamic of legal, political, social, and economic growth and development, all of which have been indigenous. In much of the world, however, the legal traditions that presently exist have been both subject to asynchronous relations with other elements of the societies, exogenous, and have been discontinuous. Law has evolved through diverse traditions, including the colonial period, and among some elements of these societies law represented oppressive or extraneous elements of control.[12] Law is, after all, the control and execution of power. In considering the role of law in a society, a distinction should be made between the obvious importance of internationally accepted law in commerce and trade, and the critical issue of what foreign aid can do about concepts of and attitudes toward law and the legal field.[13]

1. Law and Foreign Aid

Law represents in part the norms, expectations, or aspirations of a society. It thus is the codified attitudes that lie at the societal core. To change law and legal attitudes is thus complex.

Law may be divided into two for purposes of analysis of its role in furthering democracy under foreign aid programs. There is a distinction between legal process and legal culture.[14] The former consists of improving the courts, training lawyers or paralegals, promoting institutions that supply legal aid, developing legal materials, and other related activities. The latter concerns attitudes toward power. The question of human rights--intimately

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[12] For a discussion of this, see Steinberg's legal papers in the bibliography (Appendix 3).

[13] In a June 17, 1994 paper presented to the Mekong Region Law Center Conference in Phnom Penh, Thomas Heller discussed the "confluence" or "globalization" of certain aspects of law related to commerce. A questioner raised the issue of the confluence of law in a world Samuel Huntington described as a "clash of civilizations" The issue was not fully discussed, but one might speculate on the social, political, and intellectual tensions that globalization of law might create when at the same time the globe may be fragmenting into a number of clashing cultures.

[14] The point is abstracted from Daniel Lev, "Judicial Institutions and Legal Culture in Indonesia," in Ruth McVey, ed., *Culture and Politics in Indonesia*. Ithaca: Cornell University Press, 1972.

associated with law--also may be divided into procedural aspects of protecting human rights, and the culture of power, which is far more fundamental. Legal processes, and the whole field of internationally acceptable commercial law, are subject to foreign influences through foreign aid. Indeed, certain types of foreign aid are contingent on changes in commercial codes or investment laws, e.g. some World Bank structural adjustment lending. Judges can be trained, materials supplied, funds made available for legal assistance, and other important activities. Legal culture, however, is probably directly immune to foreign aid (although over time any legal culture will evolve, and arguably foreign aid might speed the process). The importance of maintaining this distinction lies in the expectations of project results. Improvement in commercial law and legal processes could assist the economic development processes, but are unlikely over any reasonable programming period to affect democratic attitudes. Better courts may or may not mean better justice, and are even less likely by themselves to mean a more democratic society.

2. Law in the Cambodian Context: The Rule of What Law?

Law in Cambodia has been affected by an indigenous hierarchical society, a French legal tradition, a period of antilegal authoritarianism under the Khmer Rouge, communist statism under Vietnamese influence, and today by international (American) influences with a strong attempted resurgence of French legal prominence. Law and legal institutions have never been independent. Dominated by a new constitution that is in part contradictory, and in which new legislation is mandated in a number of areas but which is still lacking, Cambodia is in a state of legal flux.

Law in Cambodia to the average citizen may be conceived as an element of government control--the rights of the state, rather than a reflection of the rights of the individual. If law is to affect social norms, access to and respect for the judiciary and its processes should be encouraged. This will only occur when the law is publicly perceived to produce justice (a culturally determined concept).

This is far from happening. There is no neutral interface between the citizen and law at the lowest, paralegal level, such as a notary, a scrivener, or scribe (depending on the society). In Cambodia, it is the CPP chief at the village or commune (village cluster) level. Appeals to the Appellate Court must be approved by the Minister of Justice, an executive branch political appointee. Courts are often avoided by high level negotiations with a provincial governor. Most serious, perhaps, is the role of the military, which reportedly has its own secret detention system with unknown numbers of civilians incarcerated, its ability to protect its staff and ranks from legal prosecution, its capacity to ignore law and act illegally when it so wishes (according to informants),

and its interference into the legal system at high levels.

The Foundation's program in law is extensive. Major efforts are listed below (some overlap with the activities connected with the National Assembly).

3. Legal Programming

This paper will not catalogue the efforts of the Foundation in the field of law (See Appendix 3 for a general listing). They are extensive, and include work in legal education, training of the judiciary, advisory services related to the Constitution and other matters that are included below under activities in the National Assembly. The Foundation is supporting a contract law course that will provide training for 84 persons, of whom 60 are from various ministries. It is providing assistance for an advisor to the Minister of Justice, and a large number of legal scholars who range through many different legal institutions and fields.[15] Law materials are being produced (including an English-Khmer legal glossary), law books and specialized reference services are made available both through the Foundations Books for Asia Program and through a contract with the American Bar Association. The new Appellate Court is being refurbished and some judges provided with training trips in country and abroad. A provincial court pilot project in Battambang is training provincial judges, refurbishing the court, and is instilling more respect for the process there. Legal technical assistance is provided to the National Assembly's Human Rights and Legislation commission (standing committee), as well as the General Secretariat.

The Foundation has supported a Public Defenders Program in collaboration with the International Human Rights Law Group. A grant of $350,000 has been used to train 25 public defenders through the technical assistance of three talented and energetic Asian-American trainers. The program is universally thought to be a highly successful continuing education program. The curriculum was developed outside the Ministry of Justice purview, which must approve of the certificates granted to graduates so that they may practice in the court system. This approval has not yet been forthcoming, and it is unclear whether such approval will be given as a group or on an individual basis. Foundation management believes this will not be a problem, but the Ministry is more attuned to the French system, with which aid program the Minister has made an agreement.

The International Human Rights Law Group has proposed to USAID on June 17 that it directly support (not through the Foundation) a $1.5 million separate program to expand the public defenders prog-

[15] This writer has jokingly said that the Foundation is running the largest law firm east of Suez.

ram, and expand work to seven provincial courts for members of the judicial system. The proposal raises a number of administrative issues concerning registration of the group as a new organization, the establishment of a small support office, its capacity to instill provincial replicability, as well as its relationships with the Ministry of Justice.[16]

The University of San Francisco Law Program, called "Leadership Development in Law," is designed to train 10 Cambodians with legal backgrounds and work-related need for upgraded law skills for six months each at the University. The project was conceived outside of The Asia Foundation by the University, and because it fit within the programmatic rubric of the Foundation it was included in that grant. The total costs of the project are $500,000.

It is too early to evaluate the success of the training, for five students will leave for training in July, and five more are to go in January. The project is expensive at a per-student cost of approximately $40,000 for six-months training. The University has also placed an American lawyer in Phnom Penh. He teaches in the contract law program of the Foundation in addition to his University of San Francisco duties, and relies on the Foundation for communications support (no office), and for advice, which is regarded as helpful. There are, however, residual benefits in programs and costs through the teaching in the contract law program.

There has been thought that this grant might be made directly by USAID, if it were renewed. The Foundation seems to have no problem with either option. If the grant were continued under Foundation auspices, the Foundation would receive overhead expenses on it, but has the advantage of the teaching program in contracts law. If the program were directly administered by USAID, then the University would have to establish a small office in Phnom Penh, directly provide or pay for communications costs and other operating expenses. There would be less coordination with the Foundation. In a conversation with university staff, they felt that being a part of the Foundation's program would be most helpful to them, and they indicated a desire that the relationship continue.

If the grant were to be continued, this evaluation recommends that this activity remain with The Asia Foundation and that coordination continue with the contracts law program. USAID staffing does not allow for additional bureaucratic responsibilities that

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[16] For a positive view of the UNTAC and its role in human rights and its future in Cambodia, see Terence Duffy, "Cambodia Since the Election: Peace, Democracy and Human Rights." *Contemporary Southeast Asia*, Vol. 15, No. 4, March 1994.

might be avoided without loss (and perhaps even gain) to the program.

4. Conclusions on Programs in the Rule of Law

While noting the limitations of the immediate impact of legal programming on democracy in Cambodia, this evaluation supports the breadth of the effort, and believes it should continue, and expand into certain areas. The Foundation and USAID should make high-level representations to the Cambodian authorities at the appropriate, but early, time to ensure official authorization for the program, and so that a clear, non-competitive relationship is established with the French-oriented legal education system.

Significant legal programming opportunities might still be explored. The Battambang Provincial law project might train other provincial staff and judges in Battambang, before a major effort were undertaken to expand directly judicial reform and training to other provinces. The Asia Foundation advisor to the Minister of Justice indicates that the Ministry's highest priority for him is redrafting the criminal code. Others have told the evaluation team that agrarian law is the most important and volatile issue. Others say that a women's and family court is most needed. Legal specialists, together with political observers, should study various priorities in the legal sphere to see whether any offer programmatic possibilities. Thought might be given to determine whether a judges grouping (as opposed to a bar association) might increase awareness of reform possibilities. Finally, the evaluation team has been told that the role of foreign organizations in the law is both to protect the reformers and highlight progress, thus giving the reform elements ammunition by which to solidify and expand progress.

B. Political Pluralism and Democratic Governance in Cambodia

In a sense political pluralism and democratic governance have yet to exist in Cambodia. It is true, of course, that there are many political parties (three major and one minor (Molinaka) with seats in the National Assembly), and there is vigorous debate, the press is becoming more vital (although in the past two months the Ministries of Information and the Interior have warned some papers against "pro-Khmer Rouge" and anti-Sihanouk sentiments and closed down two), and there is an apparent realization that Phnom Penh cannot forever be the single center of political power.

While there is debate, yet there is no formal opposition under the "government of national conciliation." The state administrative apparatus is controlled by the CPP, which would like to restrict some of the activities of the National Assembly in provincial areas. The heritage of Vietnamese centralism, which reinforced the traditional concepts of the monarch as the center (of the world, under early Hindu theories of statehood, on which Cam-

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bodia was based)) and his entourage (administration) as the core of society, is still alive and well and living in Cambodian administrative circles. Some legislators are still unfamiliar with both their National Assembly roles and democratic processes and procedures, some are poorly educated, few have comparative experience or knowledge of comparable institutions or activities elsewhere. The National Assembly has established nine standing commissions (committees), which provide the continuing focus on legislation within their respective areas. The most important for USAID at this stage is the human rights commission, to which the Foundation has supplied a legal advisor. Many of the most progressive and knowledgeable legislators have had extensive overseas experience in either the United States or France.

Power, as we have seen, is highly personalized in Cambodian and other societies. Parties are often mentioned as Mr. X's party, which accurately reflects Cambodian reality. Thus parties become the means by which power is retained or acquired for its leader, and through which entourages are solidified. Factionalism becomes more important than programs; party platforms become marginalized and irrelevant. These forces are neither new nor unique.

What is new, however, has been the United States' ventures into the support for political party development through grants to build party capacities. This support is an effort to build administrative capability both to manage the party internally, and to reach beyond the party faithful to acquire and retain new constituencies. This aid is based on an articulated assumption: first, that in a democratic society a multiple party system is an essential element of representation and governance. This is no doubt true among the established democracies. There is a question, however, whether the connotations of political parties in Khmer convey the same message.[17]

There is, however, a second assumption that is more questionable in developing societies. That is, that parties stand for programmatic platforms to which (however much they may be ignored in the reality of governance) the educated citizenry holds the parties responsible to some degree. It is demonstrably true in some societies (e.g., South Korea where the far left was not legal) that party platforms are in many cases irrelevant, but what has been critical was the personal leadership at the top, around which the party was formed and funded.

This is the case in Cambodia. Thus, it might be argued that the strengthening of political parties is in effect the strengthening of personal leadership at the top. This may be benign or

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[17] One Cambodian remarked that the term "party" in Khmer among the mass of people is conceived in personalistic terms, and that the word springs from, and still connotes, a "clan."

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malignant, depending on the individual, but at this particular stage of Cambodian development it may not strengthen the democratic process. (Obviously, to eliminate the parties would weaken the democratic process.) Over time one might expect this entourage syndrome to change. At present, however, the prospects that party-building will materially improve democratic attitudes must remain highly questionable. The heady experience before the 1993 elections is not a necessary, consistent, and continuous pattern, and as discussed above, elections do not necessarily a democracy make.

USAID, through its grant agreements, has been scrupulous in attempting to avoid charges of interference in the political process and favoritism toward any political party. The grantees have played this role as well; multiple invitations have been issued for seminars and workshops, etc. Yet it is evident that the CPP has been the organization that has realized the importance of this effort and taken advantage of it in a manner that the other parties have not. The Embassy has been prompt to explain to Cambodian critics that all invitations were equal (but as it turned out some responses were more equal than others).

Political parties in Cambodia remain a potentially important factor in democratic governance, and support to the process, although difficult for a foreign group without being charged with political interference, may be possible in the future, but the efficacy of this approach at the present time is questionable.

1. Programming Elements

a. The National Assembly

The Asia Foundation support to the National Assembly (budgeted at over $600,000) and its functions is an effort that is similar to many undertaken by the Foundation in other countries. Here the situation is different, for this is the first such institution in Cambodian history. The present capacity of the Assembly to initiate democratic reforms is evidently limited if its first year of operation is an example, but it now has a greater capacity to prevent a return to authoritarianism. The Assembly has stopped the passage of a restrictive press law, and sent it back for review. It has the power, should it exercise it, to withhold from the King the two-thirds majority he needs to let him gain the power he is said to want if he is to "save the country" in a De Gaulle-like gesture.

Foundation programming with the Assembly has been diverse. It is assisting in publishing the Assembly records and developing a parliamentary information and resource service facility. It will strengthen the Assembly Secretariat, and provide a legal counsel pool of technical assistance advisors on legislation. Some staff will be sent abroad to Tulane University for training in legislative drafting.

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Although the Legislature is weak, the work of the Foundation has begun to give it greater institutional capacity to perform its functions properly, is important and should continue. Cambodia may have a situation and a culture in which this legislature could play a more vital part in governance than, for example, the more mature but impotent one in Indonesia.

These institution-building efforts will not yield immediate returns, but this should not discourage programming to construct a potentially important element of the political process, if other conditions allow that process to continue.

The NDI has also worked with the Assembly, but with individual legislators in fora and lectures focused on basic issues affecting parliamentarians. It has not attempted to improve the Assembly's administrative capacity.

b. Political Parties

This evaluation, since it is designed to address the future, will not dwell on the good work that the NDI and the IRI did with political parties in the pre-election period. There seems to be general admiration for their work at that time, which was characterized by flexibility and responsiveness. Embassy and USAID staff speak highly of it.

Following the elections, however, the organizational needs as viewed by the parties that won seats seemed to slacken off, and as a result NDI and IRI programming in party training both in the capital and the provinces became much more sporadic. We have heard some good things about some of the trainers brought in to speak at workshops, and we cannot personally evaluate these efforts or the Khmer language materials produced to accompany the lectures. What is evident, however, is that the light program intensity does not seem to have justified the heavy infrastructural expenses. The establishment of a resident, joint office creates the need to program, rather than necessarily reflecting the perceived value of such programs in the groups concerned. Because both groups tended to administer programs themselves, their programming flow was more affected by staff changes than if they had given grants to institutions that had programming responsibilities.

In plans for the fiscal year, the IRI had proposed the establishment of a radio station it would run. This plan was rejected by USAID as an inappropriate activity for an American political party, a decision in which this evaluation concurs. More recently, the NDI has proposed the establishment of a Phnom Penh "political party training 'college.'" To this evaluator this seems to be as politically inappropriate as a foreign-sponsored radio station.

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7 Politics is in a state of flux in Cambodia. The King has indicated he would like to return to initiate some new, overarching political approach to "national salvation," which even if constitutional might make the political party process more tenuous, or other events may make the immediate organizational activities of the parties impossible or immaterial.

It would seem prudent for the United States to have a lower profile in direct action with the political parties for the next two years or so. This evaluator believes that the overarching position of the U.S. here should produce caution related to the political field. Should the political process remain on course, party organizational work might again be continued. The presence of resident party trainers at that time could be considered.

2. Conclusions on Programming in Political Pluralism

Neither the legislature nor the political parties have yet exhibited their potential to perform their respective roles either efficiently or effectively. The institution of the National Assembly is potentially vital to the functioning of the state and to the development of pluralism and then, eventually, democracy. Although it may be a very long time before it develops the capacity to perform its designated role in the balance of state power, it is important that it be strengthened administratively and that the institution be built that can in future meet its constitutional requirements. This is a program that will require patience and continuous commitment.

Political parties of a representational, rather than mobilizational, stripe are in their infancy. The efforts to make them more effective in the democratic context are laudatory, but may be premature for the state of development in Cambodia and very costly compared with their likely, limited impact.

The forces for pluralism in the society may arise more quickly from civic organizations, which in turn may eventually affect positively the actions of both the legislature and the political parties. We turn now to this consideration.

C. Civic and Non-Governmental Development

The United States has built support to civic and NGO organizations into its aid program for at least five reasons: such groups are one of the few influential constituencies for foreign aid left in the U.S.; the U.S. has a heritage as a "civic culture," of which it is proud, and that this civic growth through such organizations has been an important element in its political development; that such groups have done good work overseas; NGO groups increasingly are devoted to advocacy work that is of international as well as local importance; and that humanitarian concerns are an integral part of American culture.

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In programs in which the U.S. focuses more broadly than natural or man-made disasters where NGOs become the principal programming tool, AID has turned to the NGO community as program vehicles. At first, AID focused attention on international NGOs, with which it was acquainted, and then on indigenous NGOs as USAIDs became more knowledgeable about their activities and potentials, and as these organizations grew. USAIDs, for the past generation under pressure to cut staff and administrative costs, saw the NGOs as a means to retain USAID's wholesale assistance role, giving the NGOs the retail functions.

This has been important in several fields of contemporary concern--law, human rights, maternal/child health, women's activities, and the environment, to mention just several fields. There are three types of NGOs: those that deal with local issues of concern to the immediate community, however defined; those that advocate public policies that are broader in scope; and those that coordinate NGO activities in a variety of these or other fields.

Because democracy as a program goal is so difficult of access (see above), the intermediate and critical step of encouraging the development of pluralistic centers of power becomes essential. The NGOs, professional organizations, and related groups are some such organizations that can contribute to limiting the authoritarian power of a central government, improving good governance, furthering programmatic goals, and instilling in the populace a sense of personal and group efficacy and hope.

Thus the NGO becomes not only the medium through which USAID programs (in law, human rights, etc., no matter how important each of these fields may be), but it is in fact the message--in their own right the NGO becomes important. We must remember, however, in this NGO euphoria the danger that if power is personalized at the political level, it is likely to be similarly attuned at the NGO or institutional level.

Because NGO's have this potential, authoritarian governments or those that feel threatened often attempt to limit their growth or activities and their contacts with the outside world and foreign funders.

1. Civic Organizations in Cambodia

The NGO concept, always weak except in religious organizations, was destroyed in Cambodia in 1975, and only recently was resuscitated. Many may be the incipient administrative means for personal notoriety, support, or power. Others are well-meaning but weak. A few are growing important forces for progress as advocates of public policy reform. There still is a strong tendency for centralized control, but increasingly these groups, some of which are supported by some of the approximately 110 international NGOs operating in Cambodia, are assuming importance. For example, there

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are said to be some 12 important Cambodian NGOs in the human rights field alone. There are about 100 Cambodian NGOs.

2. Programming Elements

The Asia Foundation has provided major support to the Cambodian Institute for Human Rights ($247,000) to upgrade human rights instructors, who will train others from the NGO community, and who will also prepare teaching materials in Khmer. The CIHR will also use funds to sustain a series of workshops and seminars on the Constitution. It will also continue a series of NGO training and management courses and needs assessments that in fact upgrade the activities of other NGOs. This aspect of the work is, in effect, a type of activity that AID used to sponsor when it gave DPGs (Development Program Grants) to U.S. NGOs. The program is imaginative and should be monitored closely.

The Foundation has also funded POSOD, an NGO composed of National Assembly members acting in their private capacities (if this is possible in Cambodia) to explore human rights issues in the provinces. Although the leadership of the Assembly clearly wished to exercise control of this activity through screening the Foundation's support, the Foundation has felt that the principle of the private organization should be maintained. Others have argued that for M.P.s to form their own NGO tends to undercut the civic work of local institutions. The Khmer Kampuchea Krom, a human rights group concerned with the Cambodians who have lived in Vietnam but returned to Cambodia have also been assisted by the Foundation.

The Foundation has supported some activities specifically designed for women, such as the Women's Voice Center (formerly called the Women's Committee for Non-Violence and the Election) which produced videos in a public education program. The five women in the National Assembly, about four percent of the membership, are included in those activities, as well as in all Foundation programs. USAID concerns, however, are more clearly articulated through the PVO Co-Financing project, which directly supports women's groups.

Although there is a freer press in Cambodia today than has existed in the past, it is increasingly subject to harassment. Papers have been closed, an editor possibly murdered in a questionable motor vehicle accident, others threatened. English language press and journalists have been warned. The concept of a free press governed by its own code of ethics is an important element in the movement toward pluralism and transparency.

The Asia Foundation support is in keeping with a long tradition of such activities in other countries, and is important for the development of the fourth estate in Cambodia. The Foundation has just requested USAID concurrence for an additional $40,000 to be provided to this group.

The Foundation, with non-USAID funds and under a separate program objective of "confidence building measures," is assisting the development of the private Preah Sihanouk Raj Centre to act as an independent source of policy analysis and to conduct seminars, conferences, etc. It is too early to determine the effectiveness of this organization.

3. Coordination in the Civic Sector

Coordination within USAID in the NGO programs is in the program office, to which individual project managers report. As far as the USAID portfolio is concerned, it is quite reasonable. USAID is generally aware of the variety of programming by both donors and local NGOs in fields that fit within its priorities.

There are several forms of broad NGO coordination. The largest is the Cambodian Coordination Committee (CCC), which is a membership group of some 70 of the 110 international NGOs. Under CCC auspices are a variety of sectoral groups that coordinate the activities of specialized interests (e.g., the Urban Sectoral Group, etc.). There is also the International Forum, composed of some 40 international advocacy groups. In addition, there are coalitions of organizations that focus on cross-cutting issues, such as women, and who are said to have had an impact on the Constitution. Coordination sometimes involves group agreement on standardized per diem rates and other questions so that groups do not find themselves competing for participants on the basis of money. Some coordination also exists at the provincial level; in Battambang, for instance, three human rights NGOs meet about monthly to discuss specific issues. Further comments of the question of coordination in the NGO community are contained in section G-6 below.

4. Conclusions on Programs in Civic Development

Programming with indigenous NGOs included in this project seem to have generally been effective. That NGO community is not capable of sustainable action without foreign support. Although some of these groups would continue to exist without foreign funds, many more might wither away, but those that remained would be severely handicapped. Although USAID or Asia Foundation assistance to these groups might cease, other foreign organizations would probably step in to support these organization, but with perhaps somewhat different foci.

Over time it is quite possible that there may be nationalistic reactions to the activities of some local NGOs as "agents" of foreign influence. Indeed, the high intensity of this foreign presence make this a natural target for some group's political purposes or to deflect attention from local failures. It is thus important that these organizations seek core support from local sources as soon as the economy enables this to take place. This

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would increase their credibility in their own society.

Work with the NGO community offers perhaps the most immediate means to move a society towards the pluralistic goals that it has set for itself, and should continue to be stressed.

D. Economic Liberalization

The movement from a centrally planned economy to one more oriented to the private sector is a tortuous path. Inflation, rent-seeking, redundancies, and social dislocation are often attendant in its wake, as rules and regulations collapse and social safety nets are often lacking.

AID has postulated that the movement from centrally planned economies to open market economies is directly linked to the growth of democracy--plural economies lead to plural polities. This seems based on an Eastern European model that may not be relevant in Asia. One need not question the value of economic competition and the collapse of centrally planned economies to question the link, although it seems evident that market economies will eventually threaten the stability of political mobilization systems.

1. The Market and Cambodian Society

USAID/Cambodia does not make that intellectual leap of faith in its *Strategy*. It calls for a market-oriented approach to reach both broad-based and sustainable growth, efforts that should be supported. It has fostered programs in education that relate to training, essentially for the private sector, as contrasted with normal Cambodian economic training which is designed to deal both with classical economics and prepare individuals for work in various ministries.

2. Economic Programming

The core of the economic education program is the Economic Science Institute's Faculty of Commerce. This is the first attempt in Cambodia to provide a modern business education curriculum. Although this is the second year of the program, the school is in transition from a five to a four-year curriculum. The certificates that will be issued to graduates are recognized by the Ministry of Education.

USAID, through The Asia Foundation, has also supported the Georgetown Program in Business Education (known locally as a "mini-MBA program") that is designed to provide continuing education to those who would like to go into the private sector. Over 200 students have gone through the course, and while attending one of the graduation exercises in writing and presenting a business plan, there was impressive participation and articulation by students,

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including women. The project is meeting a need that seems evidently acute, and the program should be continued, either under Foundation auspices or as a separate program.

3. Conclusions on Economic Liberalization

The business programs supported by USAID through The Asia Foundation seem both popular and effective. Students in the Georgetown program seem to have gained the capacity to articulate business goals; women participate freely in the courses, and there is a general level of enthusiasm. The contract law course is a separate course unconnected to any particular school but sanctioned by the Ministry of Justice. It is just beginning, so there is no way to judge what receptivity it will eventually have.

Some of these projects are carried out beyond the normal educational system. They seem effective, but are not sustainable without foreign assistance. They are in apposition to traditional educational programs. The importance of this issue lies not only in problems associated with sustaining these efforts, but also in the acceptance of the certificates awarded to graduates when they apply for other jobs. Some argue that because these individuals will essentially go into the private sector, this question is irrelevant. This may not the case, for to attract students and to contribute to the society as a whole, the graduates need the mobility that official recognition of such certificates would bring. The Foundation should make every effort to see what can be done to assist in this process.

F. Labor

1. Labor in the Cambodian Context

A very small percentage of the work force is in the industrial or manufacturing sector, an even smaller percentage are in firms or factories that are large enough to warrant organizing or are not family firms.[18] The need for adequate labor legislation and safety regulations, together with the ability to organize, are essential for pluralistic growth, but the real issues in organizing labor may be not in the industrial sector, but in rural communities. There, traditional patterns of cooperation have been destroyed and the populace may be quite skeptical or suspicious of organizations that attempt to mobilize farmers. Rural problems deserve greater attention than the U.S. has given them here.

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[18] In a sense, some of the societies with porous borders, inefficient and small scale industries, and weak labor forces and investment climates have effectively abandoned an industrial future to major and efficient, low cost producing countries. Thus Chinese goods dominate Burma and Laos. For the foreseeable future, Cambodia will be subject to Vietnamese, Thai, and Chinese manufactures (and Japanese goods through those societies).

Cambodia has a 1992 labor law that AAFLI believes is inadequate. Others say that it is unfriendly to foreign investment because it mandates free medical care, a full-time doctor, and a clinic for every factory employing over 50 people. It also makes firing anyone virtually impossible. Labor legislation evidently needs a thorough, professional review not only by lawyers, but by both labor and management specialists, and within the context of Cambodian-American negotiations on a bilateral trade agreement and GSP and MFN status, which the Embassy belies is important.

2. Conclusions on Programs in Labor

Labor programming is a field still too new in Cambodia about which to draw conclusions. Programming in this area may be desirable, but should be carefully coordinated with that of the ILO, which already has been working there.

F. The International University

The Asia Foundation has been developing the concept of a private International University of Cambodia that would encompass three fields: law, business administration, and general arts and sciences. It has reached this conclusion because of the antiquated, corrupted, and failed archaic government-run university system that meets the needs of neither the students nor the state.

Draft papers are circulating that deal with parts of the curriculum and the rationale for this proposed university. An impressive amount of planning has already taken place. More is scheduled; seminars on the law and business aspects of this University will take place in Phnom Penh under Foundation auspices over the next several weeks, and engage a number of internationally distinguished scholars. They are to critique the existing plans, and develop fuller details of its proposed operation.

There are three options: [1] keeping the programs ad hoc and separate, as they now are; [2] joining the University of Phnom Penh as a fully autonomous, self administered unit (for which there is precedent); or [3] development of the new, private institution.

Since the planning is in process, and there is no final or complete document to which to react, this evaluation cannot judge the merits of the case. Management and budget details are not available at this time. We had thought of suggesting an Asia Foundation-sponsored quick assessment of higher education in Cambodia, but in effect these seminars may perform much of that work.

Several issues will remain whatever the seminars decide. They involve feasibility and Cambodian approval for the effort (thus assuring its graduates' roles within the society commensurate with their education), funding and costs, and the term of commitment.

No specific funding levels have been mentioned, but the project would involve a heavy dose of technical assistance at senior and junior levels. The plans call for partial support through tuition, with 50 percent of students on scholarships of some sort. Now, higher education is theoretically free, but students often pay in bribes some 10 to 15 times the national per capita GNP for a year of school ($2,000-3,000). A school whose operations or recurring expenditures are funded by tuition (or bribery) becomes elitist, exacerbating class and economic differences that a state such as Cambodia at this time may not politically be able to afford.

The U.S. Embassy has indicated that if it were to back the idea, the funding should be international. This is important not only because of limited U.S. resources, but it would likely be more politically acceptable and less a target for nationalist sentiment if it had multiple donors. This evaluation thus supports acquiring a wide breadth of support should the project proceed under any of the above three options.

Another issue is the length of commitment. Building this institution would probably require a decade of major, sustaining support, and continuing foreign donor assistance thereafter. The bureaucratic issue facing both USAID and The Asia Foundation is this: would moral commitment to this project by either organization mortgage the budgets and prestige of the other one, and is this acceptable to either or both? Could either or both organizations exit gracefully in the eyes of the Cambodians on either success or failure of the effort? Would USAID fund the project without the Foundation should that become necessary, or would the reverse happen?

These questions cannot be answered here, and indeed cannot be adequately considered until the work of the planned seminars are completed, and their studies are available. The plan has several aspects that need high-level attention; most important is Cambodian official acceptance of the desirability of a major private university. A successful venture from a donor perspective might effectively force improvement in the public university, but it could create enmity. The topic deserves serious study.

G. Administrative Performance

1. AID/Embassy

Two aspects of AID's administrative performance should be separated. The first concerns the AID Regional Support Office in Bangkok, servicing Cambodia, the second focuses on USAID/Cambodia itself.

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a. AID Regional Support, Bangkok

The regional support office of AID in Bangkok was responsible for the contracting of the grantees. The demands on that office by USAIDs in the region may overwhelm the capacities of the staff there to respond in a timely manner, and it is evident that funds may become available at a late moment, which delays contracting. It should be noted here that USAID/Cambodia has requested additional in-house staff to enable them to respond to the needs locally in a timely manner. Given the number of NGO and other grants and various contracts, this would seem necessary for an efficient operation.

In this project, all three grants were originally made on the last day of the 1992 fiscal year. According to one source, the grantee had no opportunity to see a draft of the agreement before that date, and no chance to consult on the appropriateness of its provisions with his superiors. One grantee was told to sign the agreement or lose the funds.

This last minute pressure, wherever responsibility lies, is an unconscionable mode of operation, and is reminiscent of actions on projects in the predecessors to AID in the 1950s, when certain governments were forced into such an untenable position and no signatory could say to higher authority that he had "lost" these funds by refusing to sign the agreements without negotiating. This mode of contracting by the Agency as a whole could be, and sometimes is, interpreted by grantees as an attitude of arrogance that is inappropriate in the contemporary world.

All agreements/contracts should be properly negotiated with sufficient time for both parties to consult with their respective headquarters over any terms that might be in dispute.

b. USAID/Cambodia

There is a close link between USAID and the Embassy in the operation of the project as a whole. This seems to have been a product of the politically delicate period leading up to the elections in 1993, but it has been maintained. Requests for authorization to shift funds or make new subgrants, once received by the Project Manager in USAID are forwarded under cover of a memorandum recommending action to the Project Officer. In cases where there might be political implications, this is shared with the USAID Director and the Embassy. The Ambassador takes a personal, supportive interest in this USAID project, and is said to want to be kept informed in detail of progress. Since the situation in Cambodia is still quite volatile, and all personnel and training must be approved (see below), many requests for changes come in from each of the grantees. The Project Manager usually responds efficiently, but even if this is the case, the approval process takes time and a great amount of paperwork.

In some programming cases, and in some personnel cases, the USAID has refused to concur in planned events. This evaluation cannot review each of these cases and their relative merits, but it is apparent that in the present fiscal year the times when USAID has questioned the Foundation have been fewer than those related to the Institutes.

Relations between USAID and The Asia Foundation since the arrival of the present Representative are universally said to be excellent. There is close consultation and discussion on substantive programming issues beyond the formal approval process. A firm degree of mutual trust seems to have been generated that obviates the necessity for cumbersome grant procedures that should be amended (see below).

The situation with the Institutes is somewhat different although the same ground rules apply. Here the activities are all politically oriented (even if intentionally neutral), and the degree of concern is greater because the risks are significantly higher. Perhaps because of the degree of easy access the Institutes have in Washington, this may smart more than with the Foundation.

Overall, the administrative style of the USAID has been in accordance with the grant agreements, efficient, and collaborative, although the inevitable, but occasional, disagreements on specific program issues have arisen. The identification of USAID intimately with the subgrantees, as well as with the grantees, has lead some Cambodians to try to deal with USAID on approval of projects even before the grantees (The Foundation, Institutes) have done so. In some cases, USAID is more aware of subgrantee issues than the grantee. This is not healthy for either organization or for the image of the U.S. and the non-governmental field.

It is apparent, however, that the restrictive rules governing review of grantees under this project do not apply with the same stringency with some groups funded under the PVO Co-Financing Project (e.g., PACT). PACT is funded under a cooperative agreement that, while still restrictive, is far more liberal than that under the democracy effort. This may have been suggested because of the close link to politics, but the need for grantee controls in this project should be reviewed (see below).

One aspect of the close relationship which should be monitored is the potential of either organization to imply long-term commitments that are taken in the Cambodian community as mortgages of the funds of one organization by the other. The principle should be kept in mind although no actual case has yet occurred.

2. The Asia Foundation

Consideration of The Asia Foundation administrative performance must be divided into two phases: before October 1993 and thereafter. This conveniently begins the second phase with the start of FY 1994, and also corresponds with the arrival of the present Foundation Representative.

The first phase of the Foundation's program has been virtually universally criticized by the Foundation's own staff in several of its offices, by USAID, and in anecdotal information through a USAID-requested but private audit report that has not yet been officially conveyed either to the USAID or the Cambodia office of the Foundation. During that period, there was a clear administrative failure of the Foundation's systems of control. The phase since October 1993 has been highly acclaimed for the reversal of the decline and its positive recovery.

The issues relate to the staffing of the Foundation, the loci of responsibility for its work, the capacity and extent of monitoring of subgrantee projects, and the types of administrative relationships that the Foundation had with AID (see the above section on USAID).

The Foundation, during the first year of the grant, made the major error of effectively (read ineffectually) dividing the responsibility of the office decisions in Cambodia between three of the Foundation's offices: the staff in Cambodia, the regional Foundation office in Bangkok, and the San Francisco headquarters. This seemed to have been done because of the highly political nature and delicacy of the U.S. effort in Cambodia, as well as the large funding for the Foundation under this four-year program that seemed to require headquarters oversight, as well as logistic and staff support from Bangkok.

The result was administrative complexity that, together with the objective situation in Cambodia where the Embassy prohibited all grantee activities in the month before the election, resulted in programming delays, and USAID programmatic control limited the Foundation. In addition, the assignment of staff who had no previous administrative or programmatic experience with the Foundation resulted in an administrative minefield almost comparable to the real one pervading Cambodia. Accounting was seriously inefficient; the issue of donor counterpart funds required by USAID were not substantively addressed. USAID as a result seriously considered terminating the Foundation's grant.

The situation markedly changed after September 1993 with the arrival of an experienced Foundation Representative and the establishment of the Foundation's Phnom Penh office as an autonomous Foundation operation. Since that time there has been virtual universal approval of the Foundation's activities. The

abnormality of the Foundation's operation in Cambodia, aside from the uncertainties of the state itself, stems not from the Foundation's own operation, but from the administrative relationships with USAID, which may be unique in the Foundation. It has negatively affected the Foundation's capacity to program.

The Foundation's strength has historically resided in two attributes: the autonomy and flexibility of the field office with its capacity to respond to the unique problems facing the society in which it operates, and the speed with which it can respond to appropriate and unanticipated needs. These were both seriously compromised in the Foundation's operation in Cambodia through administrative controls. One could argue that the very attributes that USAID "bought" from the Foundation were vitiated by the regulations USAID imposed on it.

AID inappropriately pressed on the Foundation a "grant agreement" that was in effect a "cooperative agreement" on September 30, 1992, the last day of the fiscal year. It was provided without previous drafts available to that organization, and the Foundation was told to sign it or lose the funds. Under normal time considerations, and if San Francisco staff had been available for consultation at that time, it is likely that this document would not have been signed, but rather renegotiated with some of the more onerous provisions eliminated. In effect, the agreement undercut the autonomy, flexibility, and speed with which in effect the Foundation was hired to perform.

This agreement, still in force and applied as well to the National Democratic Institute and the International Republican Institute, contains a variety of restrictions and reporting requirements on Foundation (and Institute) activities. We understand that some of these are regarded as mandated by Washington, but even those should be reconsidered when they fail to serve U.S. interests and Cambodian needs and retard programming. These require:

1. USAID concurrence on all grant activity either through annual plans and budgets, quarterly work plans, or separately for items not included in any of the above; also requires submission of quarterly reports to inform USAID of completed activities.
2. USAID concurrence on all international travel;
3. Concurrence on all local and international participant trainees by name prior to any activity;
4. USAID concurrence on all consultants and staff;
5. Approval on all procurement over $10,000;
6. Cambodians selected by the Foundation for overseas travel to pass AID-mandated English language tests whether or not the Foundation considers the grantee's English adequate for the assignment.

The Foundation indicates that approximately one-third of the Representative's time is spent on these reporting requirements alone, and that at least three person-years of office staff time is spent conforming to USAID regulations.

It is ironic to note that the Foundation has informed USAID[19] that it "provides the subgrantees with a high degree of autonomy for actual program implementation" after strategy and procedures have been agreed. It is this autonomy that USAID in fact has denied the Foundation itself.

Providing such freedom to subgrantees may be sound policy, but in such a complex and large program one must raise the issue of the administrative capacity of the Representative in monitoring adequately this extensive portfolio, which by its nature is labor intensive. This monitoring cannot appropriately be transferred to USAID. The Foundation will have a new assistant representative in July, which should ease the problem, and the friendly, personal consultations between USAID and the Foundation will have to be redefined.

At present, the Foundation's capacity for monitoring its broad portfolio is too limited. This evaluation believes there is a need for the Representative (not only local staff and contractors) to visit the provinces to check on subgrantee activities, but also to seek new programming opportunities, a function that cannot be fully delegated to others.

This evaluation considers that USAID control has undercut the programming flexibility of the Foundation, and identified the Foundation with the U.S. government in a manner that is destructive of the image of the NGO that the U.S. is pursuing in Cambodia over the longer term. It is only fair to state that USAID believes that its intervention has saved the Foundation from a number of serious mistakes because they had more understanding of the local scene. Both opinions indeed may be accurate.

This evaluation understands the political concerns that may have prompted this close control over the Foundation in the very sensitive pre-election period in Cambodia. It also recognizes that in the period that the Foundation was not operating as an autonomous office in Cambodia with experienced and senior staff this may have been perceived to be necessary. Over the past year, however, and with the record established by the Foundation, this arrangement is no longer administratively appropriate, if once it ever was, nor is it programmatically effective. The present political situation is indeed complex and sensitive. Close coordination with the U.S. Embassy is essential. We believe that it can be accomplished through informal relationships as well as though a more restrictive

[19] The Asia Foundation Workplan, October 1, 1993-September 30, 1994, p.3.

structure.

In Section III below, we strongly recommend that the agreement be completely revised and liberalized to give the Foundation administrative and programmatic autonomy within general programmatic guidelines to be established and negotiated, and that an annual budget and a semiannual reporting system be established to replace the cumbersome activities now in force. All USAID compliance needs should be eliminated. USAID, with its overall U.S. government capacity to cease Foundation funding at its discretion and within the general and accepted responsibilities of the Ambassador, as well as to deny further support, has sufficient inherent controls to satisfy any bureaucratic need. Even AID in Washington need only notify the Congress of new projects not in the Congressional Presentation, and need not receive their explicit concurrence on programs or staffing.

3. The National Democratic and International Republican Institutes

The administrative performance of both the IRI and the NDI has generally been weak. This is perhaps due to the inexperience both in Cambodia and in operating a field office without clear demarcation of responsibilities between the headquarters and the field, and rather extensive changes in personnel at various levels. The program effectiveness in the pre-election period was said to have been very high for both Institutes, whose work was widely appreciated.

Following the elections, however, the parties seemed to have felt less need to engage in organizational training, and the work of the Institutes was more sporadic than continuous. Changes in staffing, the constant movement of international personnel (some of whom were said to be excellent, some major problems) gave little continuity to the effort. This resulted in high administrative costs. Although the Institutes presently share quarters, and one person has remarked that is an excellent physical symbol of how a party in power and one out of power can cooperate in a democratic tradition, the IRI has requested funds to move out in FY 1995. If the program is continued, this should be resisted.

There have been two programmatic problems with the Institutes that came to the attention of this evaluator while in country. An apparently disaffected NDI employee who was due to meet with the evaluator left Cambodia before that meeting could take place. The employee seems to have been one of a number of personnel who have had problems with the NDI project in Cambodia. In the IRI case, a plan to have a mutual project with a Cambodian NGO in developing provincial centers fell apart with a vituperative letter from the leader of that NGO that was widely circulated in Phnom Penh. The IRI has since sought another partner, but this is complicated as the new partner (CIHR) is also the recipient of USAID funds through

the Foundation for a different set of activities. A major issue is the capacity of the CIHR to manage its important human rights portfolio funded by several donors, each with programmatic interests. The IRI, the Foundation, USAID, and the NGO community are subsequently involved in a dispute.

IRI had wanted to fund and manage the planned provincial centers directly (a position on which USAID disagreed) because the operating style of the Institutes is not to make subgrants (as is that of the Foundation), but to manage projects. USAID felt that a politically oriented U.S. Institute should not be in the sensitive position of managing directly provincial democracy centers, and that in any case local NGO administrative capacities should be strengthened.

The costs of managing the Institutes has been very high for the results, which themselves cannot be evaluated here. The programs have been well received, according to some M.P.s to whom we talked, but major questions remain concerning sustaining a resident operation here at this time.

4. AAFLI

AAFLI set up a small resident office in Phnom Penh in January 1994. It hopes to expand it in the next fiscal year. This evaluation has no information and thus cannot comment on its administration. Operating out of Bangkok, AAFLI has sought to influence labor legislation and plans to engage in a full-blown program should USAID approve of its application.

AAFLI normally deals very specifically with unions and related legislation. It has not sought out understanding of or operations in the issue of labor and development as a whole. Suggestions follow on efforts that might make to broaden their range of inquiry to correspond to that of the Ministry with which they would work in order to make their presence here cost effective. We should note that the Embassy does not have a designated labor reporting officer; it is handled by staff with other responsibilities. Insofar as the AAFLI representative understands and programs effectively with labor in Cambodia, it might be of importance to the Embassy.

5. Administrative and Program Coordination

There is close coordination between USAID, the Embassy, and each of the grantees. Coordination among the grantees themselves is a product of personal relations, which seem reasonable.

There are, however, over 200 foreign and indigenous NGOs that are active in Cambodia in addition to 25 bilateral aid programs, and several multilateral programs as well as UN agencies. USAID itself funds 23 NGOs, some of which (PACT, etc.) provide subgrants to Khmer groups. Although many of these groups operate in fields

outside of USAID interest, the building of NGO, pluralistic, capacity is high on the USAID agenda. Thus coordination is important.

It is evident that there is a paucity of trained talent in the country and fragile and limited institutional capacity. With the best of wills, foreign aid organizations often compete for the attention of those who are clearly leaders and are talented, and of those organizations with demonstrated potential. This results in people and institutions that are often overworked, unfocused, and take on commitments that they may not be able to honor.

Within USAID it might be desirable to combine the activities connected with the monitoring of the Democratic Initiatives Project with the PVO Co-Financing Project to ensure coordination at least within the USAID portfolio at a project manager level. It is our understanding that staff changes will occur that might allow that to happen in the natural course of events. The combined portfolio could not, however, be handled by one person unless the administrative and reporting requirement were liberalized as suggested below.

6. Findings and Conclusions

USAID management of the project has been prudent and firm, and the U.S. Embassy supportive and sympathetic. USAID's early control was probably justified by Embassy concerns about political sensitivity. The sensitivities in the Cambodian context remain, but are clearly less acute. The Asia Foundation has in the past nine months demonstrated maturity of judgement and administrative capacity, as well as local authority. Restrictions on its administrative autonomy should be lifted, and the USAID reporting requirements should be markedly liberalized as below. The Institutes still require Embassy and USAID guidance. As long as their programs continue (see below), monitoring of their agreements should continue in force.

G. Cross-Cutting Issues

1. Sustainability and Absorptive Capacity

The issue of sustainability is a cardinal principle of AID programming, and thus of evaluations concerned with USAID-funded projects. The dire state of the Cambodian economy, the fragility of its political coalition and its leadership, the weaknesses of its institutions, and the personalization of power at all levels should explain why the normal criteria for sustainability simply cannot apply here. At this time, how the political process will evolve is uncertain in the post-Sihanouk era that is rapidly approaching. Institutions were destroyed under the Khmer Rouge, some rebuilt on an irrelevant centrally planned model, and now have been restructured to reflect a new era. But the trained staff are lacking, those employed are underpaid to a degree that legal living

has become impossible, and corruption--necessary for survival at a low level--has become ubiquitous and undercuts the political legitimacy of the regime.

No project reviewed can be sustained by local resources at present levels beyond the termination of their funding. Cambodian sources are lacking, and are unlikely to be soon available. Some institutions may continue and even flourish, but they will do so because of the plethora of foreign assistance that has become available to groups operating in the fields of democracy, law, human rights, economic liberalization, and the press.

The government will continue to fund public organizations. The Institute of Economics, for example, will no doubt continue, but without foreign teachers and support over the medium term there would be regression (the Ministry of Education only supplies salaries--$23 per month--to teachers at the University of Phnom Penh. There are no local funds for maintenance, books, even electricity). The hope, as some have expressed it, is that program continuity over a sufficiently long period (to the end of the century is sometimes mentioned) may result, however, in the indigenization of some reforms (curriculum reforms, for example) that will be sustainable even without foreign assistance even if at lower levels of performance. Thus, achieving sustainability status in Cambodia even in government circles will mean a continued commitment of resources to many of these institutions.

The absorptive capacity of most Cambodian organizations and the government itself is limited. Only about one quarter of the $800 million in promised foreign aid has been disbursed. They are dependent on foreign assistance for all development activities, there is limited capacity to raise private funds in Cambodia, and the Government is incapable of funding adequately the activities and industries it operates.

2. Replicability

The state of Cambodian redevelopment is so rudimentary at this point that the issue of replicability of projects by the government with its own resources is not germane. The early stages of foreign aid under the new administration make projects, even if noted as pilot ones, too early in their maturation to determine effectively their potential and their replication.

Although many might hold this position, there is a countervailing force one should note. Cambodia is trying to move rapidly on foreign aid projects (the legislature is far slower as it grinds through the unfamiliar legislative procedures that are now being established). The Cambodians want to see progress, and donors are also anxious to demonstrate administrative effectiveness and project efficacy. There is a danger, often noted in foreign aid and already evident here, that a good idea is swept up in the need

for demonstrating progress. Rather than start with one example and study its results, some wish to move too quickly in the hope that something is better than nothing. The idea is tempting, given the needs, but should be resisted. Assuming that the present government holds together until the next election, an assumption on which the odds are almost anyone's guess, as the process toward that election builds up one can anticipate that rapid project replicability will become a major driving force of those in position.

There have been instances when donors and recipients want to move too rapidly into uncharted seas. This is apparent in certain types of provincial programming, in which the proliferation of legal, human rights, or democracy centers in the provinces should perhaps be tested by pilot projects. More specifically, the Battambang court project is an impressive effort that slowly is having an effect. Rather than establishing a number of new provincial court training projects at this time, thought might be given to using Battambang as a first stage training center for other provincial court projects, and then--based on experience--move to a broader provincial base.

Replicability should perhaps take second place to project effectiveness.

3. Human Resource Development

Cambodia is generally bereft of indigenously trained personnel at all technical and managerial levels. Those that were educated fled or were executed after 1975. Those that were trained abroad often have an education unrelated to contemporary needs, e.g., Moscow or Vietnamese economists trained under a centrally planned system.

There are, of course, well-trained individuals. Many were educated in France and are of an older generation, but still influencial in determining the policy directions of government in linguistic and cultural terms. There is also a remarkable group of individuals who indeed provide the backbone for many foreign assistance programs. These are Cambodians trained in the camps along the Thai border (especially Site 2), forming almost an alumni group that has found its way into the NGO community and into government as well. There is also, and importantly, the talented group of Khmer-Americans (also Khmer-French) who have come back (sometimes only for temporary periods because of overseas family commitments) to assist in the redevelopment of their country that they may have left as children.

Those trained in Cambodia since 1978 have suffered. Their education has been inadequate, their incentives limited. They have neither the disciplinary training nor the breadth and international experience to bring Cambodia into the world community as it needs to be brought. Although many are well motivated and concerned

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about the dire state of the nation, they lack materials, language, breadth of experience, and the training to enable them to compete in international fora.

This evaluator, in earlier studies of foreign aid in a variety of countries, has been told at the highest levels and even in villages that the single greatest contribution of any foreign aid program has been training. That training, in terms of the efficient use of resources, might be done here, some carried out abroad, but whatever aspect of the program is reviewed, training will be important. There is clearly a demand for training, and families will pay exorbitant and illegal fees to place children in schools where parents feel the children will gain the requisite skills to prosper.

Yet the absorptive capacity of existing institutions for new, even talented individuals, is extremely limited. The World Bank has called for reductions in the over 150,000 civil service (some ministries do not even know the number of their own employees), in the 145,000 man military (with 2,000 generals and some 10,000 colonels), and in the state economic enterprises (the public sector). Newly trained individuals need to be absorbed and find adequate employment and not be the intellectual *ronin* (the wandering, masterless intellectual samurai of Cambodia who could foment social and political trouble). The present and likely future opportunities will be in the private sector, but unless there is major foreign investment, in small firms. This implies certain types of skills and needs, some of which are being addressed for the first time by The Asia Foundation.

Until June 1994, all graduates of the University of Phnom Penh are guaranteed jobs with the government as teachers. Starting next semester this will no longer be true, and the absorptive capacity of the state to employ these people becomes critical. Unemployed students have been a notorious source of political discontent in many societies.

Cambodia and other small states in the region (Laos, Burma) are especially vulnerable in the private sector. It is already evident that economies of scale in China and elsewhere have prevented the development of certain industries, as China can produce goods more cheaply and of better quality than these states. Some private sector employment is not likely. In addition, export-oriented assembly production or plants usually employ semi-skilled females, often leaving the educated males unemployed or underemployed. This was a major factor in two Sri Lankan rebellions. Absorption of increasingly educated labor becomes a priority concern.

If education is important, then the role of the Ministry of Education should be strengthened. It has been suggested to USAID that it provide an advisor on higher education to the Minister, who

is said to be receptive. USAID has refused to consider this request on Asia Bureau policy grounds. This may be shortsighted. The Foundation might wish to consider this possibility, if USAID continues this approach, with non-USAID funds.

Human resource training probably is the highest overall development priority of the nation, although it can be addressed only piecemeal by any individual donor. It is a subject that might well be the focus of a consultative group meeting on Cambodia led by the World bank.

4. The Role of Women

Women now number a significantly larger percentage of the population than men. They are 57.3 percent of the over 15 year age group, and some 53.7 percent of the population as a whole.[20] They occupy 60-65 percent of agricultural employment, 85 percent in business and handicrafts, 70-75 percent in industry, and 30 percent of the civil service. In an area of internally displaced people by the Khmer Rouge offensive, almost one-third of households were headed by women. Their role has been changing and their potential is impressive. They operate in institutions of higher learning effectively, and are in the National Assembly (four percent). They are not passive members of the society.

Considerable attention has been played to women in various aspects of this project, and in the NGO community more broadly. The Foundation has worked with women's NGO groups, and more are funded through the PVO Co-Financing Project. There have been discussions to provide legal assistance to women, and perhaps a family court system, designed to protect women and children, might be an activity that should be explored.

A representative of the Cambodian Women's Development Association made a presentation at the June 2-4, 1994 NGO Forum on Vietnam, Cambodia and Laos. In comments on the USAID/Cambodia strategy, and based on that earlier meeting, the Gender/ Women in Development office of AID made a number of recommendations, including the targeting of women for increased political participation, working more with women's NGOs, dealing more effectively and comprehensively with adult literacy, market access, environmental, and other activities that specifically relate to women. These suggestions should be pursued both through the PVO Co-Financing and Democracy projects, as well as others.

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[20] Ministry of Planning, Department of Statistics, 1990 in the *USAID Assistance Strategy for Cambodia, FY 1994-1997.*

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5. Ethnicity and Development

Cambodia today may be unique in Southeast Asia because resident minorities do not play the same vibrant, domineering economic role as in other states in the area. The two entrepreneurial groups that controlled much of the economy have been partly destroyed by the Khmer Rouge: the overseas Chinese and Vietnamese. Other groups, such as the Cham, have been deeply wounded.

There are elements of these groups that still remain, and there is anecdotal evidence that the Chinese still are regarded as the entrepreneurs of greatest capacity here.

There is a strong antipathy to the Vietnamese, Thai, and Chinese along some descending hierarchical social distance scale. These attitudes have been played up in the local press with tragic results. As one article noted:

> The process of marginalization [of the Vietnamese] was nourished by frequent racist vitriol in the local press and media, despite UNTAC's mandate to control information. It culminated in the exodus of tens of thousands of Vietnamese, many of whom had once already suffered displacement by ethnic violence and hatred. UNTAC's failure to intervene in these events may have serious implications for the Vietnamese and other ethnic minorities in Cambodia in the future.[21]

Whatever the origins of these attitudes may be, and there are strong historical antecedents to each, the issue for USAID and its grantees relate to the future of the private sector in Cambodia. It may be important that the private sector develop in a manner in which the Cambodians feel that they are in command of their own economy, and that they are not once again being exploited by foreign neighbors. The Khmer Rouge are currently effectively playing on anti-Vietnamese sentiment in their propaganda. Foreign economic domination is a quick means to garner mass support to return to state control of the economy in the interests of nationalism. It also has been used to divert attention from state inadequacies onto unpopular and defenseless groups. Thus, if a middle class is to develop in Cambodia, especially through private sector development, insofar as USAID programming can influence its growth, it should be perceived to be indigenously controlled.

One study maintains that there is a strong element of chauvinism and xenophobia in Khmer society that is related to a sense of paranoia that allows the Khmer to deny responsibility for their own societal failures and hold outside groups responsible for

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[21] Jay Jordens, "The Ethnic Vietnamese Community in Cambodia: Prospects Post-UNTAC." Abstract of a paper at the annual meeting of the Association for Asian Studies, March 1994.

all past and present failures.[22] Other groups outside of resident minorities could at some future date be seen in this light.

The Foundation is presently programming with the Khmer Kampuchea Krom, those Cambodians returning from residence in Vietnam. Although not a minority in an ethnic sense, they seem to require special assistance. There are 4,000 families in Battambang province alone, and representatives of the local office of this group met with us to discuss their activities.

6. The Role of Technical Assistance

Technical assistance will likely continue to be a major portion of the USAID program. Because the needs in Cambodia are so massive, the future direction of the bulk of the USAID supported initiatives will be in local training in the selected programming fields. For quite some time this will necessarily involve foreign or Khmer-American personnel who in some instances will be able to train the local trainers and arrange for the preparation of Khmer language materials.

The administrative burdens on the grantees in the care of these individuals is extensive, and their costs expensive. It may well be that the majority of the program funds are used for such technical assistance in a training mode. The burden is made greater by the need for approval of such personnel in principle and as individuals, together with their travel schedules, well in advance of the visits. This provision of the grant agreement should be waived.

7. The Role of the Khmer Language

The role of the language of higher education in Cambodia is an issue that reflects nationalistic needs balanced against a greater integration of Cambodia into the world community. Until the victory of the Khmer Rouge in 1975, the medium of most of higher education was French. This had certain advantages and problems for the state and its former colonial power. The use of French was, of course, a great administrative convenience for the colonial authorities, and introduced both French ideas and administrative systems (such as law), but it also served to allow Cambodia to operate within the francophone system, especially in relation to the rest of Indochina.

The need for French has declined, but the French have mounted a major effort to reintroduce French-oriented education in Cambodia. While the United States has fostered English for

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[22] Penny Edwards, "National Chauvinism, Xenophobia and Political Paranoia in the Cambodian Media, 1992-1993." Abstract of a paper presented at the annual Association for Asian Studies meeting, March 1994.

international studies, it has more importantly pushed Khmer in general higher education. This is a sound policy in that it identifies the United States with the Khmer people, but it has the effect of requiring technical assistance staff to either know Khmer (which is possible in the case of Khmer-Americans), or to provide additional funds for translators/interpreters. Translation also slows down the speed of teaching. The costs of textbooks in Khmer are also likely to be relatively high because of the translation or production costs of volumes in relatively small editions.[23]

There are two other obvious needs that foreign donors might address. The first is the production of software in Khmer that has an expanded word-processing capability, such as a correction facility (there is Khmer software without that capacity, we have been told); the second is desk-top publishing software in Khmer as well, which might cut the costs of producing teaching materials in Khmer.

The second issue is the development of a local organization with the capacity to write, translate, and publish works in local languages (and which could be funded directly or indirectly through this project. The organization that has fostered this concept in Asia has been OBOR (headquartered as a non-profit organization in Connecticut). OBOR started in Indonesia, but has local, autonomous groups there and in Thailand, the Philippines, Pakistan, and Bangladesh. USAID/Jakarta (at least) has had contracts with OBOR. We recommend that USAID/Cambodia explore this possibility (see future directions section).

Although the decision to pursue specialized education and materials in Khmer, English language instruction has not been ignored, and many would consider it critical for Cambodia if it is to be a part of the regional community. The Australians have cooperated in this program as well. It is worth noting here that the USAID Mongolia democracy assessment calls for an "indirect" approach to democracy in that society since it had no earlier experience with its institutions.[24] That indirection called for extensive work in the field of English.

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[23] Many years ago, the Burma Translation Society determined that the actual costs of producing, printing, distributing, etc. a Burmese physics text in a very small edition that would have to be changed every several years would be in the thousands of dollars. Then, Burma opted for such education in English.

[24] *The Mongolia Democracy Program (MDP) Strategic Assessment*. Bureau for Asia, AID, March 1992.

8. The French Connection

In spite of denials to the contrary, there is a fundamental but silent struggle for influence between the French and Americans, or perhaps more accurately, the Anglo-Saxons. The issues revolve around language, law, and business and economic training and curricula. It extends into such fields as the operations of bar associations. Implicit in this quiet confrontation are concepts of what the role of the state should be, for example in law and legal and court systems, and by extension in other areas as well. Many of the older leaders have been trained in France and retain and affection for France and an affinity toward French.

The French quite clearly have seen their influence fade in Asia. Cambodia is the area where they perhaps have the greatest opportunity to regain prominence, having lost that effort in Vietnam. It is said that they have the largest Alliance Francaise mission in the world in Phnom Penh.

Tertiary education was controlled by the French, and instruction given in French. Today, however, students are said to prefer English because of the better opportunities for employment. The French curriculum is said to be traditional, suited for the education of elites who plan careers in ministries. American supported educational efforts, however, are geared more to the private sector or non-profit fields.

The French are said to demand exclusivity in institutions receiving their assistance--other donor support should not be accepted by an institution or sub-unit, such as a university department, that has accepted French aid, usually in the form of technical assistance. The French are said to have promised assistance to gain such exclusive domains, and then not delivered, or been able to deliver, on their promises, according to the Americans. French influence is very strong in certain ministries, such as the Ministry of Justice, on which USAID must rely to allow certain graduates of Asia Foundation-supported programs to receive graduation certificates that are recognized by the relevant ministry. Without such recognition, they may become peripheral to the field in which they studied.

Some say that the problems between the two groups have mutual antecedents, and that both sides have been to blame. Whether this evident antipathy of the French toward the U.S. is a local, lower level phenomenon, or is orchestrated at a higher level is unclear. The American antipathy (one assumes) is not orchestrated at the top. It is important, however, that the implications of these differences in substance and style be recognized and considered, rather than ignored, in project planning, and taken to an appropriate level for resolution, if necessary and possible.

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The U.S. Ambassador has begun discussions with the French Ambassador to work out a joint approach to the Cambodian government in certain educational fields, thus alleviating the problem and securing the cooperation of the Cambodian government in some of the USAID programmatic needs that have involved this competition.

9. Grantee Administrative Costs

When non-official organizations operate overseas in the area of small grants or small, directly administered programs, the operational costs are comparatively high. It is obvious that the costs of programming a set of large grants are about the same as a number of small grants; thus the administrative/programming ratio of the large grant-giving operation is much lower, and thus more favorable.

There are two types of rationales for the small grant process: that concerning the recipient, and that concerning the donor relationship. The absorptive capacity of some societies, institutions, and individuals is often limited. Large grants are thus inappropriate in those circumstances. The small grant often is a means by which to test the capacity of the recipient institution to program at minimum risk to all concerned.

From a donor-recipient relationship, the small grant is more highly personalized, and better monitoring should take place. This should result in closer donor-recipient links. If monitoring is inefficient and follow-up is ineffective, then in many cases the rationale for the small grant is gone. With it goes the justification of the high overhead costs.

Various small-grant organizations deal with their oversight or administrative costs differently. Even in larger grant-giving groups, such as AID, the costs of internal administration are not apportioned among programs, and in technical assistance projects with universities, for example, the total grant is reported to the Congress as program funds, but a substantial portion usually has gone to university administration and overhead.

In the small grant case, this evaluator's experience is that it costs about $1.00 to give away $1.00. This seems true across a wide spectrum of organizations. This is not necessarily cost-accounted in this manner. Is a field representative budgeted as an administrative cost, direct support, indirect support, or program expense? Is a representative by virtue of that role alone a program? Some have said so, and in many cases I would agree if he/she is to perform that function effectively. The issue is not where it is budgeted, but that a rationale has been determined and explained and consistently applied.

If the total program budget of a small grant-making office

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(Cambodia is only partly in that category now in the case of The Asia Foundation) is added to the authorized, audited overhead costs of the headquarters and weighed against the program itself, it is likely roughly to balance, as noted above. We should consider that the financial and reporting requirements in Cambodia imposed by AID result in three additional person years and one-third of the Representative's time, all of which increase the administrative-program ratio.

All these administrative costs raise two issues: headquarters overhead and program efficacy. This paper cannot address the headquarters overhead. As they are audited figures approved by AID, they cannot be evaluated here. Serious questions would exist, however, if an Asian entity were to provide funds for a program totally administered in an Asian country and the organization still insisted on the same overhead figures. In such circumstances, fundraising would likely to be seriously impaired.

The second issue is program efficacy. Essentially, one should analyze the program effectiveness and the relationships established between donor and recipient, and the donor's acceptability in the local community. If the projects are successful by whatever criteria are established, and if the relationships are close enough to encourage future programming in a desirable mode, then the administrative costs are probably justified.

This subjective approach will satisfy neither the skeptic nor an auditor neglecting programmatic impact. In developing countries one must be prepared to accept this fact of donor existence. One's eye should be on program results, always assuming prudent individual line-item expenditures and respect for the regulations. Individual grantee efficacy is treated elsewhere in this report.

III FUTURE PROGRAMMING AND RECOMMENDATIONS

1. USAID

A. USAID should plan to amend its Democratic Initiatives Project to extend project life for five years. At an early period, a review of the general administrative regulations and monitoring requirements should take place in consultation with likely grantees well in advance of any planned extensions of grants.

B. USAID should consider rewriting the 'grant agreement' with the Foundation to conform to normal grant provisions. Within the grant objectives and general program categories, The Foundation should have autonomy to program and staff the office, and provide consultants> Reporting requirements should be limited to semiannual reports together an annual workplan and financial and other accounts. Travel notifications and participant approvals (except

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the normal visa requirements) are no longer desirable. Informal coordination should, however, remain close.

C. USAID should consider combining the monitoring functions of the Democracy Initiatives Project with that of the PVO Co-Financing Project at the project manager level within the context of the overall Project Officer.

D. USAID has two 25 percent co-financing requirements: one for governments and one for NGOs. That for the Cambodian government has been waived. The NGO issue is important in this project. The requirement for NDI and IRI has been waived. The AAFLI issue is unresolved. The Asia Foundation case has been a problem, although the latest Foundation calculations, which this evaluator has not seen and are not yet approved, may resolve the issue. The Foundation issue has in the past revolved around "non-federal funding" or "non-AID funding." USAID should consider waiving the requirement for organizations participating in this project.

E. The Institutes

1. The Institutes are grouped together here because there are several generic issues related to them both. The Institutes differ from The Asia Foundation in that neither has had major experience in operating resident overseas offices. Their activities tend to be sporadic, rather than continuous, and they (with AAFLI) tend to manage projects (seminars, etc.) rather than providing grants to others to manage. Both Institutes have had the 25 percent co-financing requirement waived because it was determined they were not PVOs.

2. The Institutes also should be considered together because we believe that in at least some Cambodian eyes the fact that the Institutes share the same quarters visually illustrates that government and opposition parties in a democracy are not inimical enemies and can work together. Any attempt to split physically the office, which would result in increased costs, should be resisted.

3. Both institutes are subject to the same restrictive grant agreement that affects The Asia Foundation. There is more justification for restrictions to be placed on the Institutes because (a) they have less experience in working overseas; (b) their headquarters have less understanding of their support role; (c) while The Asia Foundation offices overseas have a record of autonomy, the Institutes do not; and (d) the Institutes operate in a more politically charged environment by working directly with political parties, and thus may require more oversight.

4. It is unlikely that the demand for the services of either Institute will increase in the next several years over the past months. Assuming a stable political situation, the interest

in organizational training would increase prior to the next election. During the interim period, the programmatic functions and impact of the Institutes would likely diminish.

5. Under these circumstances, the prudent expenditure of public monies would suggest that the Institutes coordinate a series of programs over the next few months, offering training to all parties where the needs are said to be most acute by using the remaining funds available to them from the USAID grants ($200-300,000 each). At that point, the offices should gracefully close. USAID should, at a point closer to the next election, reassess the situation to determine whether the Institutes should be invited back in, and if so, whether resident or non-resident programs were more appropriate. USAID and the Embassy together should inform Washington that this decision is a joint programmatic one, made after a careful assessment of the probable impact of any new effort, and takes into account the past performance.

E. USAID may not want to concentrate all its democracy initiatives in one grantee organization, but rather to diversity its portfolio for its own protection should the organization prove ineffective, and so that each grantee is not so closely identified with the U.S. government.

F. USAID (and The Foundation) should consider the needs of the rural sector and the growing urban-rural income disparities that could create future political instability, and thus threaten progress toward pluralism and democracy.

2. The Asia Foundation

A. The Foundation should seek additional funding from its headquarters for the Cambodia office for programming in fields separate from those of the USAID grant so that it has a clear, autonomous identity from the American Embassy. This is in the long-range interest of both the U.S. Government and The Foundation.

B. The Foundation should consider studying the complete range of individual office relationships (contracts, grants, cooperative agreements) with various USAIDs to determine what types of relationships have been authorized, and the various implications of each.

C. The Foundation should not open an office, or even assign a new representative to an old one, unless financial and accountability systems are in place and adequately working.

D. The Foundation should expand its high-level monitoring of its subgrantees.

E. The Foundation should explore the need for provincial

programming within the scope of this project, and devote more time and resources to this effort.

F. Within the context of this project, the Foundation should consider rural needs and institutions, rural-urban issues, and the improvement of balanced regional growth.

3. AAFLI

A. AAFLI's presence in Cambodia is in part bureaucratically dependent on USAID waiver of the 25 percent co-financing requirement, which USAID should do, given the budgetary situation of that organization at its headquarters. But if AAFLI is to be resident in Cambodia, it could justify its presence through expanding its focus from the formation of a new labor law and the management of a number of labor seminars to examining a broad range of labor-related activities concerned with the operations of the Ministry of Social Action and Labor. This might involve employment issues, unemployment, skills training, social issues related to labor, etc.

4. The Institutes

The Institutes should begin a process of intensive training initiatives that would last until fall, after which they would remove their resident office. They should continue to monitor the party situation in Cambodia from abroad and through occasional travel back to Cambodia.

IV SUMMARY CONCLUSIONS

The Democracy Initiatives Project, obligated at $15.0 million, is a central element of the USAID strategy in Cambodia. It was proposed with realistic understanding of the problems facing the state, and realistic expectations of results. The initiative, managed by USAID under stringent controls, involved four grantees: The Asia Foundation, the Democratic and Republican Institutes, and AAFLI. These disparate organizations, with different histories and operating principles gave grants or directly operated programs in a variety of field related to democracy.

The Asia Foundation, before the start of FY 1994, had operational initiation problems through split administrative responsibilities and personnel changes that were overcome with the new fiscal year and a new Representative. The relationships that have developed since then have been excellent. On the other hand, the Institutes started in the pre-election period with considerable effectiveness, but following the elections their efficacy lapsed. AAFLI has not had a resident program in Cambodia, although it has had an office since the beginning of 1994.

The evaluation considered that work in the field of law, legal training, human rights, and with the National Assembly by The Foundation was important and should continue. The evaluation also believed that work with the Cambodian NGO community was the primary means for fostering pluralism, the preliminary means to achieve democracy, in Cambodia. Support to press groups and other means to support and demonstrate pluralism were important to the future of Cambodia.

The evaluation recommends that USAID liberalize the restrictions on the Foundation to enable it to operate in the autonomous, flexible manner which was once its strength.

The work of the Institutes since the election has been less concentrated. The evaluation recommends that USAID terminate residential support to the Institutes when the current grant funds run out in some six months because the overhead costs were not commensurate with the program results.

The evaluation believed that AAFLI should have a resident program in Cambodia only if it expands it concept of programming in the field of labor to include related aspects of the development process.

There remain unexplored areas of programming in democracy-related needs in rural and provincial areas that the evaluation recommends be explored.

The evaluation recommends that USAID continue the Democracy Initiatives Project, but reconsider the administrative controls over the grantees that once may have been important during the election period. The evaluation believes that it is in longer-range U.S. national interests that the autonomy of the U.S. NGO community be maintained.

V LESSONS LEARNED

General

1. Expectations of progress toward democracy must be tempered by the reality of the context in which programming takes place. Although this was recognized in Cambodia, it is often intentionally ignored to adhere to the AID's often inflated expectations.

2. Foreign organizations can act as protection for local organizations in fields, such as human rights and law, that may be perceived to threaten local power bases, and these relationships should in such cases be intensified.

For USAID

1. Extensive administrative control over grantees is often not productive of the innovation and risk-taking that is often required in unique overseas situations.

2. The issue of 25 percent cofinancing has affected all four grantees of this project. USAID should consider whether some blanket waiver for certain types of private organizations should be made in certain countries because of the difficulty of raising local counterpart funds.

For The Asia Foundation

1. When a new office is established, clear administrative authority should be vested in a single entity (preferably in the country of programming).

2. An employee staffing such a new office should be of mature judgement and have an intimate understanding of the Foundation's administrative and programming requirements, as well as a reasonable knowledge of that society.

3. A new office should have adequate financial and accountability systems in place at its inception.

For the Institutes

1. The Institutes, should they establish offices overseas, should vest those offices with administrative and programmatic authority to undertake programs without the extensive and expensive approval process from headquarters.

2. The Institutes should not ignore those political parties that lost elections, for from them may come new generations of political, social, and economic leadership.

3. The Institutes should engage country specialists intimately acquainted with local political problems and institutions before programming in any society.

For AAFLI

1. If AAFLI is to function effectively and more economically, it should extend its focus from solely dealing with labor unions and legislation to considering the broad aspects of ~~employment, labor, and unemployment in the development~~ process.

10

ATTACHMENT 1
PO#

SOW FOR ASSESSMENT CONSULTANT
FOR CAMBODIAN DEMOCRATIC INITIATIVES PROJECT

PURPOSE:

To assist USAID/Cambodia in assessing the transitional needs of Cambodia's nascent governmental and civic sectors. To review and assess progress of grantees in the current Cambodian Democratic Initiatives Project portfolio, and make recommendations for improving the program and means for monitoring progress.

RATIONALE:

The Cambodian Democratic Initiatives Project (CDIP) was designed in the Summer of 1992 during a time of great uncertainty over Cambodia's future. The UN-sponsored elections were almost a year in the future and their success and outcome were far from certain. At the time USAID had no official contact with the government in power, then known as the State of Cambodia (SOC), and was openly supporting the opposition FUNCINPEC and KPNLF factions in their capacities on the interim Supreme National Council (SNC).

Since the CDIP was designed and the first grantees were selected, unprecedented change has come to Cambodia's politics, government and society. The UNTAC elections proved to be highly successful, and Cambodia since September 1993 has had an internationally-recognized, coalition government. Over the months since the elections, the NGO grantees comprising the CDIP have, with USAID participation, begun to shift activities and approaches to respond more directly to the emerging needs of the government and society.

Before travelling too far down the post-election path, USAID desires outside assistance to assess the course the project is taking, its fit with emerging needs and future funding options with scarcer resources to assist in the democratic transition. In light of the massive transformations underway in Cambodia, USAID/Cambodia has determined the time is right to bring in outside expertise to undertake the first review and assessment of the CDIP.

TASKS:

The Consultant will:

A. Conduct a broad review of CDIP-funded assistance to the new Cambodian government, which consists of Executive and legislative (parliament) branches, keeping in mind the dual transition that is underway in Cambodia, from a centrally planned to a market economy and from a one-party, totalitarian state to a multi party, open political system. Address specifically the implications of USAID assistance to the reestablishment of the rule of law, the Parliament, and key ministries such as Justice, Information and Education. The review should include a needs assessment in human resource development related to the project, the impact of CDIP-funded assistance to various elements of the government, and progress on governance issues such as corruption and transparency.

B. Conduct a broad review of USAID assistance to various elements of Cambodian civic society, with special emphasis on public interest NGO's, human rights groups, public media and gender issues.

C. Conduct assessments of each of the four CDIP grantees' projects, with special emphasis on impact, sustainability, cost effectiveness, pertinence to the Cambodian situation, and recommendations for the emerging USAID strategy.

D. Make in-house recommendations to USAID/Cambodia on the current direction of the CDIP and the allocation of project resources. Special focus should be given to the specific constraints affecting the program as it is and could be, including language capability and institutional absorptive capacity.

DELIVERABLES AND REPORTS:

The prime outcome will be a written report in English with descriptive analysis of CDIP progress to date and recommendations on 1) the strategic objectives of the project, 2) the fit of project activities with other elements of the USAID project portfolio and recommendations for the emerging USAID strategy, 3) the allocation of project resources, including the "mix" of grantee activities and their structuring to meet emerging USAID objectives, and 4) benchmark indicators and other tools for measuring the progress of grantees in implementing USAID strategy for democratic development, as well as broader indicators of performance in the sector.

ATTACHMENT 2

IRI - PROVISIONAL
INCOME STATEMENT
Statement of Expenses MAY 1994
AID 92 CAMBODIA

	BUDGET 94	P-T-D	FY 94	MAY 94	VARIANCE	%REMAINING
TOTAL SALARIES	214,746.00	206,148.98	80,965.42	11,341.44	8,597.02	4.00%
BENEFITS	82,372.00	97,458.56	44,055.25	4,535.36	(15,086.56)	-18.32%
CONSULTANTS' FEES	0.00	0.00	0.00	0.00	0.00	
CONTRACTUAL & PROFESSIONA	49,840.00	39,738.95	21,904.95	1,487.70	10,101.05	20.27%
SPACE AND UTILITIES	0.00	51,900.56	28,839.40	1,077.71	(51,900.56)	
SUPPLIES AND EQUIPMENT	78,000.00	39,962.55	14,839.96	(394.94)	38,037.45	48.77%
DEPRECIATION AND AMORTAZAT	0.00	0.00	0.00	0.00	0.00	
COMMUNICATIONS	0.00	66,427.18	28,531.67	2,696.54	(66,427.18)	
TRAVEL AND PER DIEM	242,615.00	136,943.90	29,503.85	5,452.43	105,671.10	43.56%
RESRCH, MEETINGS, & DIR COST	114,894.00	46,027.02	20,796.65	2,087.97	68,866.98	59.94%
SUB-GRANT	65,000.00	0.00	0.00		65,000.00	100.00%
TOTAL INDIRECT ALLOCATED	252,533.00	221,062.08	95,882.62	9,475.21	31,470.92	12.46%
TOTAL EXPENSES	1,100,000.00	905,669.78	365,319.77	37,759.42	194,330.22	17.67%

ATTACHMENT 3

NATIONAL DEMOCRATIC INSTITUTE
FOR INTERNATIONAL AFFAIRS
Fifth Floor, 1717 Massachusetts Avenue, N.W. Washington, D.C. 20036 (202) 328-3136
FAX (202) 939-3166
Telex 5106015068 NDIIA

CAMBODIA Combined Budget Summary 06/12/94
(Transaction-to-Date/Budget Comparative Analysis)

Grant No: 442-0111-G-00-2302-00

	REVISED BUDGET 09/28/93		TRANSACTION-TO-DATE 06/09/94	
SALARIES AND BENEFITS		236,574.00		233,419.72
Salaries	169,709.00		164,573.19	
Benefits	66,865.00		68,846.53	
SPACE AND UTILITIES		22,047.00		30,051.67
Office Space - Foreign	18,000.00		26,200.00	
Utilities - Foreign	4,047.00		3,851.67	
SUPPLIES AND EQUIPMENT		35,200.00		28,142.96
Supplies	16,000.00		13,331.48	
Equipment Rental	7,200.00		1,918.90	
Equipment Purchases	12,000.00		12,892.48	
COMMUNICATIONS		44,000.00		43,175.24
Telephone/Fax	31,500.00		41,567.79	
Postage	12,500.00		1,607.45	
TRAVEL AND PER DIEM		417,400.00		254,147.37
Travel	194,000.00		184,757.37	
Local Travel	46,300.00		38,829.47	
Per Diem	167,600.00		25,681.89	
Other Travel Costs	9,500.00		6,878.64	
CONTRACTUAL SERVICES		148,734.00		53,352.79
Printing	15,000.00		20,579.11	
Interns	30,284.00		2,232.00	
Photographers	1,200.00		47.47	
Interpretation/Translation	48,450.00		3,208.00	
In-country administration	53,800.00		27,286.21	
OTHER DIRECT COSTS		78,750.00		17,153.70
Bank Charges	1,250.00		821.00	
Workshops/Meetings/Conf	54,000.00		14,315.70	
Public Info Costs	5,500.00		670.44	
Subscriptions/Memberships	18,000.00		1,346.56	
INDIRECT COSTS		267,295.00		118,862.36
TOTAL		1,250,000.00		778,305.71

REMAINING FUNDS: $471,694.29
(Indirect Costs included)

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