

CSDG Policy Studies

Security Sector Reform and Poverty Alleviation: Options for DFID Programming in Cambodia

By Dylan Hendrickson

Prepared for the UK Department for
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CSDG

CONFLICT, SECURITY & DEVELOPMENT GROUP

About this report

DFID Southeast Asia is currently reassessing its country assistance strategy for Cambodia. It requested the assistance of an outside consultant to attend a donor conference on demobilisation in Cambodia on 26 May 1999 and to propose ways of integrating a security sector reform perspective into its Cambodia aid programme. This report provides an overview of Cambodia's security situation and the links between security sector reform and poverty alleviation. It highlights the difficulties of generating a concrete 'peace dividend' following demobilisation and suggests a number of ways in which DFID can constructively support Cambodia's security sector reforms.

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June 1999

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Executive Summary

1. Background

DFID Southeast Asia is currently reassessing its country assistance strategy for Cambodia. It requested the assistance of an outside consultant to attend a donor conference on demobilisation in Cambodia on 26 May 1999 and to propose ways of integrating a security sector reform perspective into its Cambodia aid programme. This report provides an overview of Cambodia's security situation and the links between security sector reform and poverty alleviation. It highlights the difficulties of generating a concrete 'peace dividend' following demobilisation and suggests a number of ways in which DFID can constructively support Cambodia's security sector reforms.

2. The security situation

With the formation of a new coalition government in 1998, Cambodia is today enjoying greater political stability. This stability is nonetheless threatened by the prominent role played by Cambodia's military in public life. Civilian control over the military is weak and there is little transparency in defence planning, budgeting or management. Security spending currently makes up 35-40% of the national budget and serves as a huge drain on resources from the social sectors. There is virtually no official legislation to define the role of the military in the defense of 'national' security.

The armed forces are bloated, unprofessional and often compound rather than mitigate security problems, particularly in Cambodia's rural areas. These problems are exacerbated by the involvement of the military in a wide range of illicit commercial activities, the widespread availability of light weapons, the weakness of civilian police forces, and the existence of large numbers of armed militia forces under local control. In this context, security sector reform is an essential pre-condition for the success of international efforts to strengthen democracy in Cambodia, to address its security problems and to generate more resources for development.

3. Security sector reforms

Thus far outside pressure has been the principle driving force behind Cambodia's security reforms. International support has focused on a narrow range of activities including demining, support for the 'gendarmerie' police forces, military training programmes and demobilisation. The Ministry of Defense is currently undertaking a national defence review that will help to define the future security needs of Cambodia in view of restructuring and professionalising the military. Progress has been slow, however, in the absence of adequate local expertise or outside support. At present, few countries have formal defence cooperation arrangements with Cambodia.

4. Limits of current strategies

The political sensitivity surrounding security sector reform has made Cambodia's government reluctant to tackle this problem in a systematic and open manner. This hesitation has been compounded by the *ad hoc*, short-term and largely inadequate nature of international support for Cambodia's security reforms. There is a danger that this situation will be repeated with the ongoing World Bank-led demobilisation exercise. This is a promising initiative, though an important opportunity is currently being missed to link demobilisation to broader reforms that would strengthen political stability and the post-war recovery process.

There are three longer-term challenges associated with demobilisation exercises that merit greater attention by donors in Cambodia. The first has to do with laying the groundwork for effective reintegration through land reforms and disarmament initiatives. The second is about redefining the role of the military in society alongside, although constitutionally and functionally separate from, the forces responsible for civil law and order. The third concerns the task of channeling the resources released by a reduction in the size of the security sector – the so-called 'peace dividend' – into more productive uses.

5. Barriers to a 'peace dividend'

International interest in Cambodia's demobilisation has largely been based on hopes that there will be a substantial peace dividend that can be channeled back into social spending. Insufficient attention has been paid to the severe institutional weaknesses faced by Cambodia's government and the impact that this will have on efforts to more efficiently allocate resources between the security and non-security sectors. These weaknesses stem from unwarranted political interventions in the budgetary process, poor human resources, corruption and the inability of the state to collect taxes. These weaknesses are exacerbated by a donor tendency to by-pass the public administration when delivering aid and to conduct institution-building in an *ad hoc* and uncoordinated way.

6. Options for assistance

Donors need to adopt new ways of working with the Cambodian government that are more compatible with the country's longer-term needs. This must start with recognition that security is a public good and an essential pre-condition for sustainable development and poverty alleviation. Strengthening the capacity of the government to reform its security apparatus and to maintain security in rural areas must go hand in hand with more traditional development activities. For DFID, the first key step would be to use its influence to generate a more appropriate debate among both donors and the government on security sector issues and to encourage greater donor coherence in this area.

1. Background information

With the recent emergence of a more stable government in Cambodia, DFID South East Asia is reassessing its country strategy and exploring options to more effectively promote poverty alleviation. The broad challenge is to move beyond the short-term and often *ad hoc* patterns of programming that have characterised donor activities in Cambodia in recent years in response to the post-war crisis situation. This will require the adoption of a longer-term strategy focused more closely on strengthening the government's role in development. This report is based on a trip made to Thailand and Cambodia from 24-28 May 1999. It offers some ideas on how a security sector reform perspective can inform this process.

DFID has made poverty alleviation its central focus. Recognition is growing that the aid community must approach this task in a more holistic fashion if efforts are to show long-term benefits. The rationale for a focus on security sector reform was outlined clearly in a policy statement published by DFID in March 1999. Security in all forms – economic, personal and political - is an essential condition for sustained development and poverty alleviation. The state of civil-military relations, in particular, impacts considerably on the success of development initiatives in poorer societies. DFID has underlined its commitment to promote the security sector reform agenda in the context of its own programming and its relations with other donors.

Integrating a security sector reform perspective into development programmes nonetheless poses many challenges for aid agencies. It requires not only new ways of thinking about development problems, but also new policy instruments and forms of partnerships among donors and with aid recipients. These kinds of changes have important implications for DFID's Cambodia programme which is relatively small. The key concerns relate to how DFID-SEA can take on additional activities without over-extending its staff and, at the same time, ensure that its involvement in security sector-related activities has a genuinely constructive impact.

This report attempts to highlight the 'value-added' that an understanding of security sector issues can bring to DFID's Cambodia programme. It first gives a brief overview of the current security situation in Cambodia. It then examines some of the problems with the ongoing donor-driven demobilisation process. These stem from the failure to link demobilisation to a broader process of security sector reform or to address the factors that will block the emergence of a genuine 'peace dividend'. By way of conclusion, the report suggests some practical ways that a security sector reform perspective can be integrated into DFID-SEA's programming.

2. Cambodia's precarious security situation

Cambodia enjoys a more stable government today than at any point in the last three decades. This political stability, however, is built less on a democratic framework that can accommodate debate and change than it is on the current monopoly of power by the Cambodian People's Party (CPP). There has not been as much progress since 1993 as had

been hoped in building inclusive civilian political institutions to attenuate the strong factionalism underlying Cambodian politics¹.

The recent collapse of the Khmer Rouge nonetheless heralds the end of large-scale military resistance to a Cambodian government for the first time since the 1960s. However, Cambodia enters this new era of stability with a large and fragmented army, in part due to the failure of the UN-led demobilisation in 1992. Combined with the precariousness of rural livelihoods, the wide availability of guns, and the weakness of the civilian forces of law and order, this has set the stage for continuing insecurity in Cambodia. The violent July 1997 overthrow of Prime Minister Prince Norodom Ranariddh by CPP Co-Premier Hun Sen also confirms that military power remains decisive in shaping Cambodian politics.

The Royal Cambodian Armed Forces (RCAF) enjoy great autonomy, benefit from some 30-40% of government spending, and have thus far remained immune from attempts to either reform them or to hold them to account for recent violations of human rights. The power of the armed forces and the threat they pose to stability is a reflection of their large numbers, the diversity of armed units, and the decentralised nature of military command. There is no reliable estimate of military numbers, though various sources suggest upwards of 200,000 soldiers. These soldiers fall under the control of one of three military commands: the General Staff in Phnom Penh, one of six regional military commands, and provincial governors.

Under the 'unified' RCAF command there are officially some 6-7,000 forces loyal to Prince Ranariddh and another 8,000 former Khmer Rouge soldiers, in addition to the much larger number of forces loyal to the CPP. The FUNCINPEC loyalists remain spread out over seven locations in Cambodia. Included here are some 700 soldiers that were part of the break-away forces under the command of Ranariddh-loyalist Gen. Nhiek Bunchay following the July 1997 events. These forces have still not come in from the bush even though they have officially been re-integrated into the national army. In keeping with the pattern set when Khmer Rouge leader Ieng Sary rallied to the government side in 1996, defecting Khmer Rouge units have been allowed to maintain control over their troops and strongholds in Pailin, Malai, Samlot and Anlong Veng. In the latter two cases, the allegiance of the factional military commanders to the RCAF is apparently very questionable.

With the breakdown of state authority, various 'strongmen' - including officers of the security forces and bandit chiefs - have become engaged in a wide range of illicit commercial activities backed by the gun. The timber trade is the most lucrative, though the illegal commerce also includes trafficking in precious stones, drug smuggling and other forms of extortion. Commanders regularly turn a blind eye when their underpaid soldiers resort to banditry or the informal 'taxing' of peasants to supplement incomes.

¹ For an overview of Cambodian politics see the Cambodia issue of *Accord: An international Review of Peace Initiatives*, 1998, published by Conciliation Resources, London. David Ashley's article explains why the United Nations-led peace intervention from 1991-93 reduced and altered but, ultimately, could not end the Cambodian conflict.

The village-based militia system – an armed wing of district, commune or village chiefs - poses an additional problem. Their local protection function is no longer necessary with the disappearance of the Khmer Rouge threat, but the guns come out again when political tensions arise.

In practice, the concept of a ‘unified’ RCAF command in Phnom Penh does not correspond with the reality on the ground. An estimated 40 FUNCINPEC officers were executed following the July 1997 events. FUNCINPEC-aligned generals have largely been pushed into the background following a recent military reshuffle, thus cementing Hun Sen loyalists in positions of strength. Hun Sen and other key CPP leaders rely for their personal protection on various bodyguard units that fall under their direct command. These forces, including units loyal to Prince Ranariddh, played the principle role in the July 1997 fighting. Key among them was the French-supported paramilitary forces – the ‘gendarmerie’ - which currently plays a major role in internal policing and is closely controlled by Hun Sen.

Although Cambodian society remains very militarised, there is a tendency to overlook this fact given the success Hun Sen has had in reducing the military presence in urban areas like Phnom Penh. In August 1997 he announced an eight-point plan to address the security problem which included restrictions on the number of personal bodyguards, the outlawing of illegal checkpoints, and reductions in the size of local militias. These measures provided some relief in Phnom Penh and – at least by day – on Cambodia’s major highways, but fell far short of what is needed to effectively tackle the security problem, particularly in the rural areas.

At the core of the security problem in Cambodia is the lack of official legislation or mechanisms to enforce the distinction between the military and civilian spheres. At present, there is no Defense Act governing the role of the military. The Ministry of Defense, Parliament and the Parliamentary Committee for Military Affairs exert little influence over the military. There is little transparency regarding how defence spending and decision-making occurs. Indicative of the great autonomy enjoyed by Cambodia’s security forces today is the lack of success the UN Human Rights envoy has had in investigating human rights abuses committed by military and police groups.

3. The challenge of security sector reform

The issue of security sector reform has received little attention from the international development agencies working in Cambodia. The reasons are two-fold: first, because the problem of civil-military relations remains poorly understood and is one of the most intractable in Cambodia; second, because development agencies have generally not considered security-related problems to fall within their area of competence, nor do they have mandates that allow them to work in this area. Yet security sector reform is an essential condition for the success of rural development efforts, the democratic transition and efforts to restore the state’s capacity to provide services.

Awareness of this has grown in recent years within the development community, although initiatives to address the problem have fallen far short of what is needed. Following the formation of a new government in 1993, international interest in supporting military reform was expressed by various countries including the United States, Australia and France. Little progress was made, however, given - among other factors - the continuing war with the Khmer Rouge. As the Khmer Rouge declined in power starting in 1995-96, this led to a swelling of the RCAF as thousands of Khmer Rouge soldiers rallied to the government side. The World Bank, drawing on its extensive experience with demobilisation in Africa, began to draw up plans for Cambodia. These were ultimately cut short by the July 1997 fighting, although there was already dissatisfaction within the Australian government concerning how the demobilisation was being planned.

International attention has focused on two other security-related reforms. The first is de-mining which generated extensive international interest following the signing of the 1991 Paris Agreements. Working side by side with several international demining groups has been a Cambodian organisation, the Cambodian Mine Action Center (CMAC), which enjoyed a good reputation until serious allegations of fraud surfaced recently. Although de-mining is a key rural development issue, it has not been complemented with adequate initiatives to involve local communities in planning and conducting this work.

The other area where international attention has been focused is police reform. Cambodia, like many other nations, faced a serious 'security gap' when the United Nations peacekeeping forces and their civilian police components withdrew in 1993. A French-led initiative to train local police was an important and much-needed attempt to remedy this gap, although the model of policing introduced was controversial. First, because it involved military training for the police in line with the French model of the 'gendarmerie'. Second, because these police forces were effectively under the control of Hun Sen who was widely perceived as enjoying French backing when relations between the Co-Premiers deteriorated in 1996-97.

Following the July 1997 events both the Australians and the Americans cut their defense cooperation arrangements with Cambodia. Neither government has yet made a decision on whether or not they will renew their agreement. For their part, the French have maintained military relations with Cambodia. This consists of running an in-country staff training school for Cambodian officers, a programme to send Cambodian military officers to France for training, continuing support for the Gendarmerie, and the provision of military advisers to the Cambodian government. These advisers work within both the Ministry of Defence and the Armed Forces General Staff. Indonesia is the only other country currently providing some form of military assistance to Cambodia, principally in the form of training.

Despite the lack of a formal defence cooperation agreement with Cambodia, the Australians have a four-strong Defense staff in their Embassy. The Defense Attache, Col. Dougal McMillan, has been providing some advice to the Ministry of Defence on the

logistics of drafting a defence white paper. Further involvement here will be contingent on the Australian government's decision to renew its defence cooperation arrangement with Cambodia. In the meantime, the white paper is being drafted under the lead of a committee of senior RCAF staff, though it does not seem likely that it will be ready at any time in the near future.

While it is unclear how comprehensive the white paper will be, its importance cannot be underestimated. Beyond defining the structure, size and mission of the future Cambodian armed forces, it will also help to move the RCAF towards a more professional and non-aligned status. Underpinning these changes is the principle of civilian control and the premise that the military will no longer set defense policy but rather implement policies set out by the government through the Ministry of Defense. This portends a radical shake-up of the current structure that would have massive implications for the effectiveness of the security forces, their regulation, and the allocation of resources between the security and non-security sectors.

Even though there appears to be some indication that the Cambodian military command is coming around to the idea that it will have to one day submit itself to civilian control, it is very unclear whether the White Paper process will be taken to its logical conclusions. The difficulty of bringing defense policy into line with a new democratic dispensation is evidenced by the South African process which took several years and long and difficult consultations with political parties, parliamentary defence committees, academics and civil society groups². The participatory nature of the process was key to ensuring the far-reaching nature of the transformations envisaged by the White Paper and the considerable progress that has been achieved in implementing them since 1996.

At this point, there are no reasons to be confident that such conditions will be replicated in Cambodia. First, because the Ministry of Defense is currently working without sufficient assistance for what is a very complex undertaking. Second, there is very little capacity among civilian bodies such as the non-governmental community to constructively contribute to that process. Third, the government has shown little convincing evidence in other areas of reform that it is willing to tackle politically sensitive issues. Even if a White Paper can be developed, current realities suggest that it will remain little more than a declaration of good intentions until sufficient institutional capacity and political will can be mobilised to turn policy into practice.

It is in part due to recognition of these realities that the donor community has minimised its reliance on government structures to carry out reforms and has focused more on achieving concrete outputs. This has been evident as the question of demobilisation has come to up on the donor agenda again in 1999. The primary push has come from the World Bank and the IMF which have used their considerable clout to force it onto the government's agenda. Neither organisation has a mandate for security-related work, but

² Nathan, L., 1998, 'The 1996 Defence White Paper: An Agenda for State Demilitarisation?', in J.Cock and P. Mckenzie, *From Defence to Development: Redirecting Military Resources in South Africa*, Cape Town: David Phillip.

both are concerned about the impact that a large security sector has on Cambodia's macro-economic stability and patterns of government spending.

4. Limits of the current demobilisation plan

Two basic goals underlie demobilisation exercises in post-war societies: first, to reduce the size of armed forces in view of releasing more resources for the crucial tasks of reconstruction and development; second, to redefine the proper role of the military in society alongside, although constitutionally and functionally separate from, other security forces responsible for civil law and order. These objectives are long-term in nature and are crucial to restoring political stability and to addressing the underlying factors that have either caused or driven armed conflicts.

The international community's record of achievement in this area, based on experiences in Africa, is very uneven³. In practice, the process of demobilisation is very open-ended and tends to merge with the socio-economic recovery of war-torn societies as a whole. The long-term benefits of demobilisation efforts will thus depend on the degree to which 1) the retrenchment of soldiers is explicitly informed by a broader process of military reform, 2) efforts are made to ensure their effective reintegration back into peace-time society, and 3) mechanisms are put into place to ensure that overall cuts in military expenditure – the so-called 'peace dividend' - are effectively translated into higher social spending.

This requires a high level of coordination among donors, and between donors and the government, that is hard to achieve. There is a subtle interplay between the dynamics of peace processes and the process by which demobilisations are organised, funded and implemented. In Cambodia's case, this will make it particularly important to 'buy in' both the international and Cambodian actors (including the general public) whose support is necessary for the success of the process. Without adequate political will, financing or cooperation, there is a real risk that the programme will fall far short of its stated objectives, in the process possibly exacerbating political tensions.

The general impression gained at the May 26 conference on demobilisation was that it is largely being approached as a managerial and administrative exercise. In effect, a whole range of sensitive issues regarding disarmament, land availability, the selection of soldiers for retrenchment and the role demobilisation will play in shoring up Cambodia's peace have been left out of the equation. Or, more accurately perhaps, these issues have been deemed by the World Bank to be the "government's responsibility". Despite the government's apparent good will, its weak capacity and poor record of turning promises into effective action suggest reasons for concern.

The World Bank has recognised the need to get donors on board following the wide range of concerns voiced at the annual Cambodia Consultative Group Meeting held in Tokyo in February. To its credit, the Bank also brought in its representative from Sierra

³ Berdal, M.R., 1996, 'Disarmament and Demobilisation after Civil Wars: Arms, Soldiers and the Termination of Armed Conflicts', *Adelphi Paper 303*, International Institute for Strategic Studies, London.

Leone to attend the conference. She is currently co-ordinating the international demobilisation process in that country. Her insights suggested the need for a strategy that recognises the political sensitivities surrounding demobilisation processes and is flexible enough to accommodate these.

The World Bank went to great pains during its presentation to stress the ‘complexity’ of Cambodia’s demobilisation process. It outlined a carefully considered four-step plan of action (registration, demobilisation, reinsertion, reintegration) based on its extensive prior experience in Africa. It also emphasised that it is making provisions for mechanisms to ensure adequate transparency and effective financial management. On a range of other issues that will underpin the success of the demobilisation, however, there was either inadequate discussion or reason for concern:

1. *Political control.* There is insufficient indication at this point that the key players whose support would underpin a successful demobilisation process have been brought on board. Demobilisation is primarily a military operation requiring the full cooperation of military commanders. While it may be expedient to have it coordinated by a single civilian institution⁴, cross-departmental cooperation from the Ministries of Interior, Finance, Defence, Rural Development and Social Affairs is important as is the cooperation of the regional military commanders.

The Hun Sen government, recognising the inherent sensitivity of this project, has chosen to closely control it. The programme is being run by Mr. Sok An, the government’s Senior Minister, and Mr. Svay Sitha, a close adviser to Hun Sen. The latter will head the Executive Secretariat of the National Commission for Demobilisation and Reintegration. The Commission will apparently be made up of representatives from relevant ministries and other government bodies. But there was little indication from either a reading of the report outlining the demobilisation programme - officially called the Cambodian Veterans Assistance Programme (CVAP) - that these actors have been consulted.

Indeed, at the conference, there was no representation from the Ministries of Defence or Interior, the Parliamentary Commission on Military Affairs, the CPP’s coalition party, FUNCINPEC, or the main opposition party. It appears that they were simply not invited. As a consequence, it also seems unlikely that the CVAP will be seriously informed by the views of those in the Ministry of Defence who are currently working on the defence review. This suggests that the challenges of centralising military control over Cambodia’s armed forces and, at the same time, extending civilian control over the military, are not being adequately addressed at this time. If the military is to withdraw from an internal policing role, then thought needs to be given to how the capacity of the national police can be bolstered.

Moreover, Cambodia’s military is currently very top heavy, with more officers than privates in its ranks. The relative numbers of officers and regular soldiers that will be

⁴ Ball, N., 1998, “Spreading Good Practices in Security Sector Reform: Policy Options for the British Government”, report prepared for Saferworld, London.

discharged has important implications that were not addressed for the costs of the exercise and the composition of the new national army. The current CVAP is based on a registration process conducted in 1995/96 that does not accurately reflect the events surrounding the July 1997 fighting or the collapse of the Khmer Rouge, both of which affected the composition of the RCAF. Despite initial suggestions that some 55,000 soldiers will need to be demobilised, there are *no* reliable figures on the total number of soldiers in the Cambodia army or the percentage of these that are ‘ghosts’.

If, as some suggest, there are as many as 40,000 ‘ghosts’ whose pay is currently being pocketed by their commanders, this would only leave some 15,000 soldiers to be demobilised. The cost of demobilisation would therefore be much less than the original \$100 million estimate put forward by the World Bank. In the absence of attempts to link demobilisation to the broader security sector reform process, there is a danger that money and international pressure are currently the main incentives that Cambodians have for reducing the size of their army.

Given Cambodia’s current political realities, it is perhaps expecting too much to have a broad consultative process. This might even undermine the overall benefits to be gained from a ‘quick and dirty’ demobilisation process. Lessons from other countries such as Sierra Leone demonstrate the importance of ‘jumping in’ when a window of opportunity emerges as seems to have happened with Hun Sen’s public declaration of support for the process. But there are indications that it is being overly driven by the CPP’s agenda, not to mention extraneous considerations regarding timetables and implementation, at the expense of broad-based political support in Cambodia.

2. *Disarmament.* While some short-term benefits to the security situation will undoubtedly accrue from demobilising soldiers, the medium to long-term efforts to improve security in Cambodia will depend on tackling the widespread availability of weapons. This issue has not been included in the overall project design and monitoring. The Bank is working on the premise that the RCAF will itself disarm soldiers before they are registered for the reintegration programme. Even if it can be ensured that these soldiers are effectively disarmed – and there are no reasons yet to be confident about this – weapon stocks will inevitably make their way into private hands again.

In Cambodia, weapons are both an economic instrument and a security instrument. Their widespread availability reflects both a genuine need in society for people to protect themselves and a tendency to rely on weapons as a means of livelihood. Placing surplus weapons on the local market or exporting them to other countries is a temptation that military officials will find hard to resist. To not attempt to address the problem of light weapons proliferation now when the opportunity arises calls into question the public commitment made by many development agencies, including DFID, on this issue.

The Bank’s failure to include disarmament in the overall project design is particularly glaring because the case of Sierra Leone shows that this is indeed possible. The

demobilisation programme approved by its government in July 1998, which was drafted with the technical assistance of the World Bank, requires every soldier being demobilised to turn over at least one *serviceable* weapon as a condition of receiving demobilisation benefits. Disarmament would only be a small step towards enhancing security in Cambodia, but it would be very symbolic.

3. *Land availability.* Access to land and land tenure security are key rural development issues that will impact significantly on the success of reintegration efforts. Cate Turton's rural development study will no doubt provide a more comprehensive and nuanced examination of this problem than can be done here. But there seem to be three key issues that need to be taken into account 1) the limited availability of land, 2) the frequent, forcible eviction of peasants from their land by soldiers, and 3) the weakness of current land tenure regimes and the absence of appropriate government legislation in this area.

Land problems have increasingly received attention in recent years due to growing protests by dispossessed peasants in Phnom Penh and violent land disputes in the provinces. The government has consistently downplayed the problem and chose to do so at the conference. It is nonetheless particularly relevant to the success of the reintegration process. In El Salvador, the failure to implement land-transfer schemes as promised to ex-combatants has posed one of the most serious threats to the country's stability since its peace agreement.

There is also a real danger, demonstrated by experiences elsewhere, that the resettlement of ex-combatants may be carried out to the detriment of other groups - often leading to new conflicts over land⁵. Progress in resolving the land problem is therefore key to the success of reintegration. In addition to clarifying and strengthening legislation governing land tenure, attention needs to focus on the question of demining. This is important because many soldiers will likely choose to remain in northwest provinces like Battambang which are currently heavily mined and already face particularly acute population pressures.

4. *Individual vs. community-based reintegration.* The record suggests that initial reintegration efforts have shown the greatest promise of success where they have been community-based and have involved veterans directly in planning and implementation programmes⁶. The best balance between transitional safety nets and longer-term reintegration projects at the community level is not easy to determine. The relatively large sum of money currently budgeted by the World Bank as a pay-off for demobilised soldiers suggests a tendency to favour an individual vs. a community-based approach.

At \$1,200 per soldier (and dependents) this represents a much higher income than the average Cambodian earns. The key issue is not whether soldiers deserve this money,

⁵ GTZ, 1999, 'Concepts and Experiences of Demobilisation and Reintegration of Ex-Combatants', Deutsche Gesellschaft für Technische Zusammenarbeit, Eschborn, Germany.

⁶ Berdal, 1996.

or whether this is affordable for donors, but whether in the long-run this is the best way to ensure their effective reintegration into society. There seems to be inadequate understanding of what rural communities and existing development programmes already have to offer. The UN CAREFE project, for instance, has played a key role in the reintegration of some 5-600,000 refugees and internally displaced people in Cambodia in recent years. In comparison, the number of soldiers to be demobilised, whatever the final figure turns out to be, will be relatively small in comparison.

Thus far, there seems to have been minimal consultation with CARERE and other relevant organisations to avoid duplication of programmes. While there was much talk about complementary veteran counseling and employment referral services, skill enhancement projects, and projects to generate employment for veterans, these initiatives tend to rank lower on the priority list for donors than the actual demobilisation process. The experiences gained by GTZ in Angola, Mozambique and Ethiopia show that employment generation programmes require continuous support over many years to have a viable impact.

Because it is unlikely that reintegration programmes can be effectively provided on the wide scale envisaged by the current CVAP, it is important to see what veterans themselves have to offer. Community-based vocational training programmes aimed at developing practical skills for self-employment and administered by ex-combatants themselves have shown the greatest promise for success in Uganda in terms of both cost-effectiveness and reducing the potential for political tensions. While Cambodia's situation will differ from Uganda's, the question of what veterans can themselves offer does not yet seem to have received adequate attention.

On another level, the merits of strategic interventions targeted at strengthening land tenure and ensuring rural security need to be carefully balanced against more conventional rural development activities. The security issue is one that few peasants can address themselves, and has a tremendous impact on their ability to farm and market their produce. In the absence of basic security, it seems unlikely that projects aimed at increasing agricultural yields, for instance, will show real long-term benefits.

5. *Donor co-ordination.* Donors working in Cambodia have a tendency to work in isolation from one another and to make competing demands on government bodies. Just as there are good reasons why one civilian Cambodian body should oversee the demobilisation process, it makes sense for one donor – in this case, the World Bank – to play the lead role. However, this must not be done at the expense of consultation between donors. The World Bank has argued that 'prevailing political conditions' have shaped the demobilisation programme in a vertical way. This is a fair point to make, though this should not in any way prevent more extensive consultations between donors.

The formation of an Executive Secretariat supported by the Bank, along with the establishment of a trust fund for donor contributions, offers the opportunity to harmonise the donor-secretariat relationship. In the process, this would theoretically

ensure that all donors receive the same information concerning the demobilisation process. This is key to reassuring donors that their concerns are being addressed and that the programme has the best chances of success. Unfortunately, there is already a tendency for donors to opt out of this consolidated approach. In the case of GTZ, for instance, this is because German legislation prevents it from contributing to a trust fund. Other donors only seem willing to support certain elements of the demobilisation and reintegration process.

As a consequence, there may only be patchy support for the programme. Some donors lack confidence in the government's ability to effectively channel resources to the demobilised soldiers even though the Bank has outlined clear plans to ensure effective financial management. There is also unhappiness in some quarters regarding the dominant role the World Bank is playing. The French likely see the CVAP as a challenge to their 'close' and privileged relationship with the government on defence matters. The Australians are unhappy that since the CVAP's inception in 1995/96 it has been conducted in isolation from the broader question of security sector reform.

The World Bank seems quite firmly committed to the process as it stands assuming that sufficient money can be found to fund the CVAP. While it is clearly unrealistic to try and set too many firm targets at this stage regarding how the demobilisation will actually occur, sustained donor commitment to the process is dependent on developing a framework that is perceived to be flexible and dynamic. This means that it will be able to accommodate the many unexpected difficulties bound to arise over the planned four-year implementation phase.

5. Generating a concrete 'peace dividend'

There are good reasons why claims that the CVAP will create a substantial peace dividend should not simply be taken at face value. The economic logic underlying the concept of a peace dividend is deceptively simple. A peace dividend will not automatically result from a reduction in soldiers, but should be seen as the overall benefit that Cambodia will enjoy as a consequence of the successful demobilisation and reintegration of ex-combatants. In order to translate a reduction in military expenditures into higher social spending, it will be necessary to address more fundamental institutional problems in Cambodia's public administration.

There are two ways that the CVAP can potentially impact on poverty alleviation. First, if the demobilisation goes as planned and soldiers are effectively reintegrated into rural communities, this will serve to stimulate the rural economy and to promote political stability. Assuming ex-combatants do acquire some form of productive livelihood and become self-sufficient, this would have an important multiplier effect on rural production. Enhanced rural security would also pay dividends in terms of the ability of farmers to travel and live without fear of intimidation or unofficial taxation of their production.

The second way demobilisation could impact on poverty alleviation is by releasing more government resources for non-security spending. To start, this presumes the existence of sufficient political will to bring about changes in the way resources are allocated. Current hopes for a genuine peace dividend are based on promises made by Hun Sen to the Minister of Women's and Veteran's Affairs, among others, that the extra funds will go to her sector. At the same, it is clear that some within the army would like to keep the savings generated by demobilisation to pay the remaining soldiers higher salaries. This would help to create a more professional army and reduce crime, but goes against the stated objectives of the CVAP.

Even if political pressure can be brought to bear on the military to relinquish control over the financial savings generated by demobilisation, three other factors will impact more generally on the size of the peace dividend that actually materialises. The first is the problem posed by unwarranted political intervention in government disbursement processes. The second is what the World Bank terms 'leakage' in allocation and disbursement processes – corruption. The third is the severe problem that the Ministry of Finance faces in collecting taxes which regularly results in a permanent government short-fall in revenue.

Collectively these problems are indicative of profound institutional weaknesses in the Cambodian government. This suggests that an overall increase in social spending will have much less of a positive impact on poverty alleviation than is currently expected. The World Bank has itself suggested that in cases like these, donors need to focus more on strengthening financial management, encouraging transparency and mobilising political will within the government to carry out institutional reforms. This is a crucial challenge for international assistance, though one which many donors have avoided taking on.

Instead, there has been an alarming tendency among donors to by-pass government institutions, relying instead on non-governmental organisations to carry out development programmes. In the long run, this makes it even more difficult to address the constraints on government capacity stemming from a poor human resources and weak administrative capacity. These problems have been compounded by poor coordination and competing interests on the donor side as well as a generally poor understanding of Cambodia's problems⁷. The dangers of promoting the wrong 'cure' can be best seen with regard to Cambodia's civil service reform.

During 1994-96 the World Bank and the UNDP focused on downsizing as the solution to Cambodia's administrative problems and devised an extremely complex package of reforms to carry this out. To start, the government's technical capacity to carry out these reforms was sorely lacking. But much more importantly, the stability of the post-1993 governing coalition made up of the CPP, FUNCINPEC and the KPLNF was based on raising the size of the civil service in order to absorb the incoming parties' functionaries. Down-sizing was not politically feasible at that time and actually threatened the stability of the coalition.

⁷ Peou, S. and Yamada, K., 1999 (forthcoming), 'Cambodia', in S. Forman and S. Patrick (eds), *Good Intentions: Donor Pledges of Assistance for Reconstruction*, Boulder, CO: Lynne Rienner.

This lesson should be heeded when carrying out the demobilisation. The ranks of the RCAF have been swelled in the past year by incoming soldiers from both the FUNCINPEC and Khmer Rouge camps. There is also indication that many RCAF military units have been padded with new ‘soldiers’ – often the relatives of unit commanders - who have been brought in to benefit from the proposed pay-off. There is already dissatisfaction in the FUNCINPEC camp concerning how the demobilisation is being carried out and the degree to which it is expected FUNCINPEC soldiers will benefit. This comes on top of long persisting tensions between Prince Ranariddh and some of his military commanders who feel they were never properly rewarded for their contributions during the pre-1991 ‘resistance’ era.

It is important to keep in mind that the greatest pressure on the government to reduce the size of the army has come from the IMF and the World Bank, institutions that are not primarily concerned with security sector reforms. In line with the strict stabilisation measures these institutions have imposed in other war-torn countries, there is a real emphasis in Cambodia on restoring macroeconomic stability by strengthening ‘aggregate fiscal discipline’. Very simply, this means bringing government spending in line with available revenue. This generally entails a reduction in overall government spending.

This explains why the Bank and IMF are so concerned with promoting demobilisation. But one unfortunate consequence of this quest for ‘fiscal discipline’ is, as the Bank itself has noted in its recent review of Cambodia’s public expenditure, that this has not been accompanied by a more efficient allocation of resources between different sectors due to institutional weaknesses. The net effect is that with continued high spending on the military due to an *ad hoc* injection of new spending priorities into the budgetary process, even more pressure has been placed on spending in social sectors like education and health.

Cambodia’s current institutional crisis underlines the danger of an overly narrow approach to demobilisation. In the absence of complementary efforts to strengthen the capacity of the public administration it is unlikely that there will be a substantive peace dividend in the near future that can be channeled into the crucial tasks of poverty alleviation. The demobilisation programme, Cambodia’s IMF and World Bank-led economic reform programmes, and the broader tasks of institution-building are all related challenges and need to be approached as such by the international community.

6. Options for DFID programming

DFID needs to be realistic about where its contribution to Cambodia’s security sector reforms can make the greatest difference. The dilemma is that however imperfect the current demobilisation process turns out to be, sustained donor coordination and support is absolutely essential if it is to have the best chances of success. Assuming there is a general willingness among donors to support the process, a financial contribution to either the trust fund or to specific reintegration projects would not be a bad point of

departure. But it would in the long run be money poorly spent if a concurrent effort was not made to influence the way the CVAP is implemented.

Similarly, DFID must accept that poor donor coordination and the tendency to by-pass the government in its programming contributes to institutional problems within Cambodia's public administration. While it is important to consider ways of working that are more compatible with Cambodia's long-term needs, DFID's margin for maneuver is limited given the low levels of assistance it provides to Cambodia. One key area where progress could be made is for DFID to link the security sector reform and poverty alleviation agendas together more effectively in its own work and to encourage other donors and the government to do the same. There are four particular areas on which it would make sense to focus:

- 1) *Generating appropriate debate.* Cambodia's security problems should not be seen as belonging to the domain of military specialists. Security is a public good like health and education and there is a need to strengthen government capacity to provide this good. Security should also be seen as a pre-condition for sustainable development and poverty alleviation. Recognition of these factors should open the way for development agencies to more critically examine the obstacles to successful programming, particularly in the area of rural development where the problem of insecurity has thus far received insufficient attention.

In the area of security sector reform, DFID is taking the lead internationally. It is well placed to argue the case for donors to integrate a security sector reform perspective into their programming. Security sector reform is an issue that cuts across all programme areas including those of governance and poverty alleviation. While the benefits of an increased focus on security sector reform will not be seen for a long time, the benefits will be cross-sectoral in nature and will greatly magnify the benefits of development interventions in other areas.

- 2) *Promoting greater policy coherence.* The general problems of policy incoherence within the aid community are particularly accentuated in the security sector where currently few concrete activities are being undertaken. While security issues are quickly moving up the donor agenda, there is a danger that donors will only undertake security sector reform activities that allow them to promote narrow institutional priorities. Even among "like-minded" agencies, there is little consensus today on the direction that policy needs to move and how resources can best be brought to bear in order to address security sector problems.

A starting point for DFID in its consultation with other donors is to demonstrate the 'value-added' that a greater sensitivity to security sector reform issues can bring to an understanding of Cambodia's problems. A second area where DFID could usefully focus on is advocating a clearer division of labour on the issue of security sector reform. DFID has much more latitude than the World Bank does, for instance, to raise politically sensitive issues in public fora or with governments. DFID is also more flexible when it comes to disbursing resources and could perhaps have a

disproportionately high influence on how the next stages of the demobilisation are planned and executed if it was felt the process was worth supporting financially.

- 3) *Supporting security sector reform.* The field is wide open given the fact that both the US and Australian programmes of defence cooperation with Cambodia are currently on hold. Due to the lack of strong historical ties with Cambodia or strategic interests in this country, the UK will nonetheless probably not seek to play a large role. However, there is much scope for the UK to bring the security sector reform issue onto the table in the context of EU or UN relations with Cambodia. One area where a reasonable request could be made of the government at this time is for it to outline more clearly what progress is being made on the defence review and how comprehensive it will be.

There is also scope for the UK to bring influence to bear on other donor countries and the Cambodian government if a UK military adviser were to be attached to the British mission in Phnom Penh. It would be important for such a person to have a broad understanding of both the military and developmental dimensions of Cambodia's security problems. To see the solutions to Cambodia's military problems as simply requiring increased military training would overlook more fundamental issues that stem from the lack of effective civilian control over the security forces. It would also be important to ensure harmony between DFID the FCO regarding the role a military adviser would play.

- 4) *Engaging with the government.* An enhanced sensitivity to security sector issues will bring little value-added to DFID's current programming in Cambodia unless a long-term approach is adopted. There is a crucial need for capacity building within the public administration. The non-governmental sector will never be able to replace government service provision in key areas like security, health and education, although clearly there is much potential for NGOs to complement government services in certain domains. If poverty alleviation is to be the long-term objective of DFID's programmes, then ways must be found to work more closely with the government now that the immediate post-war crisis situation is over.

DFID-SEA is already addressing these kinds of issues as it reassesses its Cambodia assistance strategy. There are no easy programming solutions, but ways must be found to achieve a more judicious mix of money, technical assistance and political inducements to encourage change. In line with the shift from 'needs-based' to 'performance-based' approaches within the donor community, Cambodia's government should be judged on how effectively it works to promote the security sector reform agenda. Donors have much scope to encourage better leadership and greater democratic accountability, but they should also be willing to take a stand when government actions fall far short of promises.