



U4 Issue 2019:1

Cambodia's anti- corruption regime 2008-2018: A critical political economy approach

By Jacqui Baker and Sarah Milne
Series editors: Aled Williams and Jessica Schultz

CMI CHR.
MICHELSEN
INSTITUTE

Disclaimer

All views in this text are the author(s)', and may differ from the U4 partner agencies' policies.

Partner agencies

Australian Government – Department for Foreign Affairs and Trade – DFAT
German Corporation for International Cooperation – GIZ
German Federal Ministry for Economic Cooperation and Development – BMZ
Global Affairs Canada
Ministry for Foreign Affairs of Finland
Ministry of Foreign Affairs of Denmark / Danish International Development Assistance – Danida
Swedish International Development Cooperation Agency – Sida
Swiss Agency for Development and Cooperation – SDC
The Norwegian Agency for Development Cooperation – Norad
UK Aid – Department for International Development

About U4

U4 is a team of anti-corruption advisers working to share research and evidence to help international development actors get sustainable results. The work involves dialogue, publications, online training, workshops, helpdesk, and innovation. U4 is a permanent centre at the Chr. Michelsen Institute (CMI) in Norway. CMI is a non-profit, multi-disciplinary research institute with social scientists specialising in development studies.

www.U4.no

U4@cmi.no

Cover photo

damien_farrell (CC by) <https://flic.kr/p/gL5zFE>

Keywords

anti-corruption reforms - Cambodia - China - decentralisation - public financial management - public expenditure tracking

Publication type

U4 Issue

Notes

This U4 Issue was updated on 3 May 2018 to address inaccuracies in section 2.3 Public finance management: FMIS and PETS Education.

Creative commons

This work is licenced under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International licence (CC BY-NC-ND 4.0)

Cambodia's anti-corruption reforms have been critical to consolidating power in the hands of the ruling Cambodian People's Party. Financial management reforms and decentralisation processes promote a liberal rather than democratic agenda. Given China's close relationship with Cambodia, the ruling party will likely continue this path. Donor strategies for reducing corruption need to be clear about how interventions will deliver democratic dividends. Opportunities may exist to create anti-corruption coalitions supported by social groups, particularly at the commune level.

Main points

- A number of anti-corruption initiatives have been successfully implemented in Cambodia in the face of increasingly authoritarian rule on the part of the Cambodian People's Party.
- Cambodia's anti-corruption reforms are fundamentally liberal rather than democratic in orientation, which implies regime-friendly and selective implementation.
- Liberal anti-corruption reforms such as public finance management reform, public expenditure tracking surveys and decentralisation reform, effectively deepen Cambodia's market capitalism and provide ways for the neopatrimonial state to rationalise and reorganise the shadow economy, and consolidate power relations.
- Arresting current reform dynamics would require a reorganisation and reconsolidation of Cambodia's anti-corruption coalition.
- Strategies for deepening Cambodia's anti-corruption reforms need to distinguish more rigorously between liberal and democratic notions of accountability and be clear-eyed about exactly how interventions will deliver democratic dividends.

Table of contents

Introduction	1
1. Cambodia's political economy, and why this matters for anti-corruption efforts	5
1.1 Characterising the regime	5
1.2 A regime in transition? Trends and observations since the 2013 election	7
1.3 From reform to coercion	9
1.4 Relationships with China and international donors	10
1.5 Cambodia's changing economy	12
1.6 The party: its financing and its factions	13
1.7 Anti-corruption interventions and their political dimensions	14
2. Cambodia's anti-corruption regime	16
2.1 Liberal versus democratic anti-corruption reforms	17
2.2 Understanding anti-corruption reforms in Cambodia	19
2.3 Public finance management: FMIS and PETS Education	21
2.4 Decentralisation	28
3. Cambodia and China in comparative perspective	34
3.1 China's anti-corruption regime	34
3.2 The geopolitics of anti-corruption	37
4. Final reflections and implications for future anti-corruption reforms in Cambodia	38
References	41

About the authors

Jacqui Baker

Jacqui Baker is a Lecturer in Southeast Asian Studies at Murdoch University. She holds a PhD in Comparative Government from the London School of Economics and Political Science.

Sarah Milne

Sarah Milne is a Lecturer in the Resources, Environment and Development group at the Crawford School of Public Policy, Australian National University. She holds a PhD from the University of Cambridge.

Acknowledgements

The authors would like to acknowledge the invaluable research assistance of Dr Piseth Keo, a Cambodian researcher who holds his PhD from the National University of Singapore.

Abbreviations

ACU: Cambodian Anti-Corruption Unit

ASEAN: Association of Southeast Asian Nations

BoG: Board of Governors

CADIS: Chinese Academy of Discipline Inspection and Supervision

CCDI: The Chinese Communist Party's Central Commission for Discipline Inspection

CNRP: Cambodian National Rescue Party

CPI: Corruption Perceptions Index

CPP: Cambodian Peoples Party

D&D: Decentralisation and Deconcentration

EBA: “everything but arms” trade preferences

ELC: Economic Land Concession

FDI: Foreign direct investment

FMIS: Financial Management Information System

MoEF: Cambodia's Ministry of Economy and Finance

MoEYS: Ministry of Education Youth and Sport

NAA: Cambodia's National Audit Agency

NSC: The Chinese National Supervision Commission

PETS: Public Expenditure Tracking Survey

PFM: Public Financial Management

PFMRP: Public Financial Management Reform Program

TI: Transparency International

UNCAC: United Nations Convention against Corruption

Introduction

According to Transparency International's 2017 Corruption Perception Index (CPI) Cambodia is perceived as one of the most corrupt countries in the Association of Southeast Asian Nations (ASEAN), outstripping Myanmar and Laos in rank. As a result, anti-corruption reforms in Cambodia have attracted significant attention and funding from the international donor community. An emergent literature has critically studied Cambodia's anti-corruption and good governance regime, considering the ways in which reforms often fail to achieve intended goals.¹ Typically, the persistence of corruption in Cambodia is explained as either due to 'institutional weaknesses'² or 'gaps' in the current reform agenda, which might be solved with a combination of further institution-strengthening and capacity building. Yet, few have turned to the question of why – in a context of so-called rampant, institutionalised corruption³ – do reforms persist at all? Or, what are we to make of the successful implementation of a number of anti-corruption initiatives in the face of increasingly authoritarian rule on the part of the Cambodian People's Party (CPP)?

What are we to make of the successful implementation of a number of anti-corruption initiatives in the face of increasingly authoritarian rule on the part of the Cambodian People's Party?

This paper explores the effectiveness of anti-corruption interventions in the context of Cambodia's trajectory towards 'developmental authoritarianism.'⁴ In this context, conventional anti-corruption interventions, like support for a free and independent media or increasing accountability by increasing political competition, are likely to become more difficult. We must therefore ask: in the narrow and elite-dominated political space that is available in

1. (eg Rahman 2016, Ear 2016, Un 2012)

2. (Quah 2014)

3. (Brinkley 2011)

4. (Un 2013)

Cambodia, what kinds of anti-corruption interventions are likely to have an impact? Furthermore, what evidence do we have about the effectiveness of anti-corruption interventions in Cambodia over the last decade? This paper presents *a review of existing evidence* in response to these questions, and points to the need for new empirical research.

Thus, we set out to examine what evidence was available in relation to Cambodia's 'anti-corruption regime' – the suite of interventions that are typically associated with efforts to achieve good governance, increased transparency, greater accountability and combat corruption. Anti-corruption interventions typically fall into various categories, such as those that aim at eradication or prevention and they also fall into different theoretical schools such as collective action or market-based approaches.⁵ Herein, U4 sought appraisal of a range of preventative interventions, all part of Cambodia's anti-corruption regime, including: access to information reforms, public financial management reforms, public expenditure tracking survey (PETS) work, and decentralisation reforms. Data on the effectiveness of these reforms for reducing corruption was not systematic, and often not available.⁶ As a result, we present our findings in two components: (i) reforms to public finance and administration, including PETS; and (ii) decentralisation.

To understand and predict reform outcomes, specifying regime *type* has conventionally been important, especially in political science. This is because of what regime type might tell us about a regime's relative capacity for change: authoritarian regimes are generally not synonymous with reformism. On the other hand, democratic institutionalism suggests that change can be engineered in nascent democracies through 'voluntarist capacity building' where 'missing capacity could be supplied through the provision of specific rules, mechanisms and procedures.'⁷ Democratic institutionalism underpins donor interventions in places like Cambodia.

However, this approach has long had its theoretical detractors in Cambodia⁸ and in the region.⁹ Critics show how policy processes cannot be disentangled from underlying historical and cultural structures of power,

5. (Som 2017)

6. (see Johnson et al 2012)

7. (Hadiz and Robison 2004: 23)

8. (Hughes 2006a)

9. (Hadiz and Robison 2004, Robison et al 1993)

making reform outcomes unpredictable. Thus, we approach this study by assuming that regime typologies are fundamentally incomplete, and have limited explanatory power for understanding reform prospects and effects.

Cambodia's anti-corruption reforms have been critical to the maintenance of the Cambodian People's Party backed regime in a time of economic transformation.

Instead, we advocate a critical political economy approach to understanding regime power dynamics and political change. Applying this approach, we argue that Cambodia's anti-corruption reforms have been critical to the maintenance of the Cambodian People's Party (CPP) backed regime in a time of economic transformation. More specifically, we propose that elements of Cambodia's anti-corruption regime have enabled the internal contradictions of free-market authoritarianism to be managed. That is, they allow the potentially liberating political effects of economic liberalisation to be kept in check by those in power.

Our argument has two main threads. Firstly, we show how Cambodia's suite of anti-corruption reforms are liberal rather than democratic in nature. This means that within a context of deepening marketisation, the anti-corruption reforms facilitate the CPP's political-economic aspirations, while reassuring international investors that reforms are proceeding apace (as explained in section two, below). Secondly, we argue that Cambodia's neopatrimonialism¹⁰ sits in tension with more mobile dynamics of power that have been produced through the effects of market capitalism. We contend that economic liberalisation presents new challenges and opportunities for the traditional hierarchy of neopatrimonialism, whereby old elites must accommodate economically ambitious and agile newcomers.¹¹ Here, the 'shadow economy' plays a major role in shaping power structures, with strong evidence that the CPP benefits from and controls most illicit financial flows.¹² Given this, we suggest that anti-corruption reforms have been used to discipline and tame the shadow

10. <https://www.u4.no/terms#neopatrimonialism>

11. (eg Eng 2016)

12. (Milne 2015, Global Witness 2016)

economy, providing a means for the ruling party to surveil, accommodate and co-opt potential internal contestants to power. The extent to which anti-corruption reforms in Cambodia have succeeded therefore matches the extent to which the reforms consolidate the power of the ruling elite.

Overview of what this paper covers in each section:

1. Review of Cambodia's political economy, including recent authoritarian developments. We highlight two key regime dynamics: neopatrimonialism, which is a hierarchical patron-client structure, dominated by Prime Minister Hun Sen and enabled by the extractive use of state resources; and a more flexible set of power dynamics, produced through Cambodia's deepening economic liberalisation, which is most analogous to a 'jungle gym'¹³ where political entrepreneurs and rising tycoons must be accommodated into established patron-client relations. We note the scale and significance of illicit revenue raising for the Cambodian state and highlight how it can both consolidate neopatrimonial dynamics as well as fuel political entrepreneurs.
2. Examination of Cambodia's anti-corruption reforms. We argue that they are fundamentally liberal rather than democratic in orientation. Then, by examining public finance management reform, PETS and decentralisation, we suggest that these reforms effectively deepen Cambodia's market capitalism and provide ways for the neopatrimonial state to rationalise and reorganise the shadow economy, recentralising power relations and resolving potential competition over power.
3. Comparison of Cambodia's anti-corruption regime with that of China, where a single party, market-authoritarian state has overseen and implemented major anti-corruption reforms. As in Cambodia, we suggest that economic liberalisation has pluralised and destabilised established dynamics of power. China's anti-corruption regime works to recentralise power in the hands of Xi Jinping. We further suggest that given China's close relationship with and investment in Cambodia, the CPP will continue to prioritise a liberal, though not democratic, regime of anti-corruption reforms.
4. Tentative suggestions for how donors might pursue anti-corruption reforms in Cambodia to counter some of the CPP's centripetal dynamics and produce greater space for democratic participation.

13. (Reynolds 2011)

1. Cambodia's political economy, and why this matters for anti-corruption efforts

1.1 Characterising the regime

The Cambodian state system is widely recognised as neopatrimonial and authoritarian in nature. Here we provide a brief overview of the literature on this subject, with a focus on developments since the 2013 election. We examine the notion of Cambodia's recent authoritarian turn,¹⁴ and what this might mean for anti-corruption efforts. Other relevant factors that we explore in this context are: Cambodia's relationships with China and international donors, and potential economic and political vulnerabilities faced by the ruling party.

In terms of neopatrimonialism, there is now a substantial literature on the Cambodian state system, and the way in which it is infused with personalised, patronage-based relationships that place the ruling party and its leader at the apex of a pyramid-like power structure.¹⁵ Here, the Prime Minister Hun Sen and his close allies in the CPP act as patrons, by providing protection for loyal clients including private interest groups, relatives and kin, military forces and tycoons.¹⁶ In exchange for their loyalty to the ruling party, these clients receive lucrative business opportunities and licenses, as well as government positions – all of which depend upon the manipulation of state resources and state authority in some way. Clients who benefit are in turn obliged to contribute resources back to the party, resulting in systematic corruption of the bureaucracy¹⁷ or an 'unofficial extractive regime'.¹⁸

Under Cambodia's neopatrimonial arrangements, the state does not protect its citizens or public goods. Instead, it treats public assets and institutions as the rulers' private property, and it uses state authority to facilitate private gains. Well-connected companies or business-people are able to avoid

14. (Morgenbesser 2017, Strangio 2017)

15. (eg So et al 2010, Hughes and Un 2011, Strangio 2014, Milne 2015)

16. (Global Witness 2016, Biddulph 2014, Ear 2013)

17. (Eng 2016)

18. (Milne 2015)

regulations that adversely affect them through bribes, often ignoring due legal processes.¹⁹ The system works because those receiving bribes or facilitating business profit personally, leading to little incentive to enforce laws and regulations properly. This is perhaps most vivid in the realm of land and natural resources, where state actors and corporations work together to exploit forests, land, and sand and mineral resources.²⁰ Arguably, this was an essential aspect of state-making and post-conflict stabilisation.²¹ The result is a symbiotic dynamic between the ruling party and extractive interests. Global Witness²² likens the ruling elite to a family dynasty, in which inter-marriage is used to reinforce ties between the state, the party, and private business. Certain actors also take on dual roles: some directors of corporations are senators for the ruling party.

Cambodia's neopatrimonial system has been characterised as authoritarian. Authoritarianism most simply refers to a form of government in which personal and democratic freedoms are limited.²³ There are many forms of authoritarianism, in which rule may emerge from techno-bureaucratic committees, dictators, or flawed electoral processes. Since the first democratic election in 1993, observers have noted the CPP's authoritarian manipulation of the electoral process.²⁴ However, recent crackdowns – including the disbanding of the opposition party ahead of the 2018 election – have caused some to argue that Cambodia has transitioned into a form of 'hegemonic authority' in which elections are held for symbolic purposes only, to reinforce the hold of the ruling party.²⁵

Cambodia's integration into global and regional economies has opened up opportunities for new elites who can challenge established neopatrimonial lines of alliance.

19. (Global Witness 2016)

20. (eg Global Witness 2010, 2013, 2015, 2016)

21. (Milne 2015, Le Billon 2000)

22. (2016)

23. (Linz 2000)

24. (Hughes 2006b, Sullivan 2016)

25. (Morgenbesser 2017, Strangio 2017)

Nevertheless, authoritarian regimes that embrace market capitalism are vulnerable to internal tensions and contradictory effects. Cambodia's integration into global and regional economies, and economic diversification, has opened up opportunities for new elites who can challenge established neopatrimonial lines of alliance, or demand for a greater share of the pie.²⁶ These elites are not to be confused with the rising middle class, which has received separate attention in the literature on Cambodian politics.²⁷ Rather, these elites seek to deploy their resources – violence, capital or even social capital such as international education – to facilitate their own accumulation, which requires navigation of Cambodia's incumbent patron-client relations. For example, in her study of forest exploitation, Milne²⁸ shows how the ruling party must work hard to maintain the loyalty of tycoons or modern 'strongmen,' who have the capacity to operate quite autonomously in the nation's peripheries or remote areas. The behaviour of these political-economic entrepreneurs often undermines traditional patronage values – for example protection of clients, and their loyal submission to the hierarchical order – for a more coercive and unpredictable set of arrangements.²⁹

Thus, the rise of new elites through market capitalism presents a potential political problem for the ruling party, which must constantly vie for legitimacy, control, and a stake in profits. In other words, the jungle gym must be policed and maintained. While there is no fixed set of rules around how this happens, patterns are emerging around the ruling party's ability to accommodate and incorporate potential rivals or threats.³⁰

1.2 A regime in transition? Trends and observations since the 2013 election

The Cambodian election in 2013 was a wake-up call for the CPP. Its usual model of political gift-giving, and its reliance upon post-Khmer Rouge liberation narratives, was apparently no longer valid. In part, this is because

26. (eg Eng 2016, Milne 2015, Verver and Dahles 2014)

27. (Eng and Hughes 2017)

28. (2015)

29. (Hughes and Un 2011, Springer 2010) / Arguably, the distortions to traditional patron-client relations in Cambodia have been underway since independence, or even before that, as difficult 'clients' always needed to be placated and incorporated into systems of rule. Further research is required into this.

30. (eg Eng 2016)

a new generation of younger Cambodians is demanding more: they have grown up with the expectations of democracy, a free press, and the right to speak out.³¹ Furthermore, the excesses of the CPP's corruption, and particularly its exploitation of natural resources and land, has led to widespread popular discontent.³² For example, in 2016 alone, there were 1,326 protests from villagers and NGOs against state decisions in Phnom Penh.³³ In short, the regime is currently experiencing a crisis in popular legitimacy, and this explains many of its reform tactics and repressive strategies since 2013.

It is hard to under-state the shock that the CPP received in 2013. Its number of seats in the National Assembly dropped from 90 to 68 – a result that surprised even the opposition Cambodian National Rescue Party (CNRP), which went on to contest the CPP's victory in a stand-off that lasted for months. While tense negotiations between the parties continued, the government initiated a new campaign to regain its legitimacy. This process began with a five-hour-long speech from Hun Sen, in which he expressed a strong desire for reforms, to meet the people's demands. In turn, there were then appointments of new ministers, keen to implement reforms.

Again, in the natural resources and land sector, the reforms were especially vivid. In relation to land issues, actions included: renewed enforcement of the 2012 moratorium on economic land concessions (ELCs), revoking of ELC licenses that did not follow legal procedures, strengthening of inter-ministerial collaboration on land management, and establishment of a special unit for resolving land conflicts. In addition, major jurisdictional reforms were conducted to consolidate the area of land gazetted for conservation – placing 42% of the country's land area under the supervision of the Ministry of the Environment. Other conspicuous reforms, which were clearly aimed to alleviate public pressure in relation to the environment, included: cracking down on illegal logging, cancelling private fishing lots on Tonle Sap lake, banning coastal sand mining, and postponing the construction of a contested hydropower dam in the Areng Valley.

Additional efforts to build legitimacy related to a range of public grievances over the state and how it functioned. For example, state institutions were 'modernised' through the recruitment of more qualified staff, procurement of

31. (Eng and Hughes 2017)

32. (Milne and Mahanty 2015)

33. (Sokhean et al 2017)

better office equipment, and a gradual increase of the salary of the government officers. The prime minister also became very responsive, especially on Facebook, in relation to 'hot' social and political issues including health services, road traffic, robbery, labour conflicts, garment worker wages, factory conditions, illegal migrants, border demarcation with Vietnam, and domestic violence. Ministers and leaders of state institutions were ordered frequently to check the prime minister's Facebook page and to respond to the complaints from the public on the page. It seemed that social media had become the government's new platform, to appeal to the new, urban middle-class and the emerging young generation of voters – and yet, it is a sword that cuts both ways, as recent less-reform-oriented events indicate.

1.3 From reform to coercion

While the CPP's populist reform agenda proceeded post-2013, its relationship with the opposition party and other critical institutions became increasingly turbulent. Initially, the dynamics conformed to a familiar soft power/hard power tactic: win people over with new reforms, and at the same time, use coercion to diminish the opposition. But, spooked by the commune council election results in June 2017, it appears that the CPP became increasingly desperate and/or unwilling to take any chances with the 2018 national election. This has seen the party effectively abandon its legitimacy-through-reform approach in favour of repression, which Shoenberger et al³⁴ term 'authoritarian rule shedding its populist skin.'

The regime's new hardline approach has been seen most starkly in the CPP's treatment of the opposition party, Cambodian National Rescue Party (CNRP). In the lead up to the party's dissolution there were organised beatings of CNRP parliamentarians by 'protesters,' some of whom were military officers.³⁵ We have also seen: the end of the 'culture of dialogue' between the CPP and the CNRP, the detaining of CNRP parliamentarians and senators, and ultimately the prosecution of CNRP presidents Sam Rainsy and Kem Sokha, for treason.³⁶ In November 2017, the Supreme Court ruled to disband the party, with its 118 members suspended from

34. (2018)

35. (Willemyns 2015)

36. (Boliek 2016)

politics for five years.³⁷ This left the CPP with no credible opposition for the July 2018 election, which it won in a party-declared 'landslide victory.'

Critics have also been silenced. In early 2015, a Spanish-born environmental activist was deported from Cambodia for his campaign against hydropower dam construction. Then, in July 2016, prominent political analyst Kem Ley, was murdered in a local mart over his morning coffee. Ley's murder followed his public statements in support of the Global Witness' report, *Hostile Takeover*, which details the Hun family's business interests. In December 2016, in the face of public outcry, the court closed the investigation into Kem Ley's murder, even though the perpetrator was never brought to justice. The shutdown of independent media, like The Cambodia Daily, and contentious NGOs, like Equitable Cambodia, has further eliminated criticism of the regime and served as a warning to would-be critics. While political executions are not new in Cambodia, the constraints on independent media and NGO activity are.³⁸

1.4 Relationships with China and international donors

Cambodia's crackdown on the opposition has provoked varying responses from international donors, and from China. This signals the contrasting relationships that Cambodia maintains with the Chinese government on the one hand, and the international community on the other. In general, with the rise of support from China, the role and influence of Western donors has diminished. This bears upon all kinds of reforms, not least those aiming to tackle corruption and achieve greater accountability.

For donors, the post-2017 crackdown in Cambodia has deepened their scepticism about the government's commitments to reforms for anti-corruption, good governance and human rights. Donors have raised their concerns about the erosion of democracy, through public statements and funding cuts. In addition, special measures by the European Union and US Embassy tried to find ways for the CNRP to be reinstated, so that its members could contest the 2018 election, and to allow independent media and NGOs to resume free operations. But the CPP has not given any ground. In the wake of the July 2018 election, the international community is now

37. (Sokhean et al. 2017)

38. (eg Shoenberger et al 2018)

considering new kinds of pressures upon the regime, such as revoking the EU's 'everything but arms' (EBA) trade preferences, which have played a vital role in Cambodia's economic development until now.³⁹

While EU-led sanctions may provoke action, various factors have contributed to the declining influence of Western donors. These include Cambodia's shift from 'aid to trade' dependence, increasing domestic revenues, and the rise of China as both a donor and an investor. The China factor has certainly emboldened the CPP, enabling it to take certain political steps without fear for the consequences. China has expressed numerous statements of support for the Hun Sen government, and is even rumoured to have contributed new technology to the Cambodian government's surveillance apparatus.⁴⁰ This deepening political engagement has come off the back of increasing Chinese investment in Cambodia, in the form of foreign direct investment (FDI) as well loans and grants untethered from the special conditions prescribed by Western donors and multi-laterals. From 2012, Beijing has risen to become the top donor in Cambodia and indeed, in 2016, China surpassed Cambodia itself as the largest source of in-country spending.

That said, many Cambodians are now raising questions about China's increasingly aggressive stance, generating animosity about who is really benefitting from Chinese funded projects. Two areas of local grievance are: the province of Sihanoukville, home to Cambodia's port town and the site of a major special economic zone and numerous Chinese-backed tourism and infrastructure developments, and parts of Koh Kong province, where a new port and a series of resorts are under construction. Suggestions point to Chinese strategic interests in the Gulf of Thailand as a driver for these investments, among other things. The bottom line is clear, however: the CPP has chosen to deepen its relationship with China as part of its strategy to retain power.

For Western donors, this had led to many frustrations in relation to reform efforts. Even though donors play a substantial role in policy formulation and implementation in Cambodia, the state-donor relationship is often uneven. The government has its own agenda, and is known to disregard donor advice, cause endless delays, and/or break its promises to donors. For

39. (Chheng 2018)

40. Conversations with informants in Phnom Penh, May 2018. See also China supports Cambodia's ban on main opposition party (South China Morning Post).

instance, the law on anti-corruption was not adopted until 2010, despite the fact that it had been discussed since the 1990s.⁴¹ Ongoing tensions and heated discussions now often occur in state-donor interactions – particularly in the realm of land and natural resource management. For example, donors and NGOs have tried to bring the government to account for ELCs that have led to vast environmental destruction and human rights abuses throughout the country,⁴² but the government has not allowed open inquiry into these matters.

Frustrated by similar dynamics – that is, government denial of forced evictions in Phnom Penh – the World Bank froze its projects in Cambodia in mid-2011. This measure did not appear to elicit government concern. Cheam Yeap, chairman of the National Assembly’s Commission of Economy, Finance, Banking and Audit stated: ‘it affects us, but if they want to freeze [funding], they can freeze it. The [World Bank] money contributes to our development, but not having it won’t hurt our development(...)’.⁴³ This statement sets the tone for future donor relationships.

1.5 Cambodia’s changing economy

Over the past decade and a half, Cambodia’s flagging, vulnerable economy⁴⁴ has been transformed by rapid growth and escalating rates of foreign direct investment which, in 2015, saw the World Bank recategorise Cambodia to a lower middle-income country. Alongside the tourism industry, the garment sector has been critical to this economic revitalisation benefitting greatly from preferential quotas and trade deals with the US and the EU.⁴⁵ Furthermore, the country’s declining agrarian-rural economy has been subsidised by the remittance wages of garment factory workers. The garment sector is therefore not just economically important, but also politically important – indeed, it has been a ‘hotspot’ for CPP attention, with many factory workers being supporters of the CNRP and now targets for CPP reform. A key lever that the US may apply – to signal its disapproval of the 2017 crackdown – would be to cut garment import quotas⁴⁶

41. (Brinkley 2011, Ear 2016, Quah 2016)

42. (CCHR and Article 19 2013, Marschke 2012)

43. (The Cambodia Daily 2011)

44. (Hughes 2006a)

45. (Chheng 2018)

46. (Ibid)

Cautious of the trap of low-wage, low-value-added production, the Cambodian government has developed the *rectangular strategy* – a series of five-year plans designed to promote socio-economic development by prioritising economic diversification, infrastructure revitalisation, governance reform and improving educational outcomes. While Cambodia’s impressive economic growth rates have been celebrated, more sober analysis reveals that the Cambodian economy is thoroughly dominated by the ruling coalition.⁴⁷ Here, a key mechanism of the Cambodian economic landscape is the *oknya* system. *Oknyas* are tycoons who have pledged allegiance to the ruling party, through the payment of a large sum (in excess of US\$ 100,000) in exchange for the title. *Oknyas* are present in all economic dealings of significance in Cambodia, and they are heavily implicated in Cambodia’s vast shadow economy.⁴⁸

In any discussion of Cambodia’s economy, some acknowledgement of the role of illicit financial flows is necessary. Vast sums go unreported and untaxed. For example, Milne⁴⁹ estimates that from 2009–2013 elite-backed illegal logging generated US\$ 250 million in illicit funds in the Cardamom Mountains alone, and many times this figure nationally with all funds escaping the state’s taxation regime.⁵⁰ Similar dynamics have been observed in relation to the exploitation of other valuable extractive resources in Cambodia like fish and sand.⁵¹ Thus, Cambodia’s shadow economy is the 'elephant in the room' for conventional anti-corruption reforms, and it remains to be seen whether reform coalitions are able to tackle its scale and influence.

1.6 The party: its financing and its factions

The role of the party in facilitating and profiting from Cambodia’s shadow economy is profound. Arguably, it forms part of the state’s logic, being hard-wired into the bureaucracy and the way that it functions.⁵² Importantly, the extraction of illicit funds is not an uncontrolled feeding frenzy on the part of tycoons and strongmen. Rather, the party appears to have a tight level of control and awareness over this sub-legal or illicit economy

47. (Global Witness 2016, Hughes and Un 2011)

48. (Milne 2015, Verver and Dahles 2014)

49. (2015)

50. (see also Le Billon 2000)

51. (Global Witness 2010)

52. (Baker and Milne 2015)

activity.⁵³ Furthermore, there are unusually public and explicit ways in which illicit funds get channelled back into state-making. First, this is seen in the obligatory donations made by *oknyas* to the party and to development projects in the areas where they operate.⁵⁴ Second, this is seen in the Party Working Group, which operates as a parallel budget system controlled by the party, designed for 'cleaning' money, and for having it channelled to places where patronage style gifts are required.⁵⁵

In spite of its pervasive influence, and its external appearance as an organised and consolidated entity, the actual operation of the CPP is an ongoing compromise between different factions. The main dynamic of note is the pro-China and pro-Vietnamese factions of the CPP.⁵⁶ The origins of the factions lie with the origins of the CPP, which emerged from the Vietnamese-backed effort to overthrow the Khmer Rouge. The prime minister has over the last twenty years managed to gain support from the majority of the CPP factions, and consolidated power through negotiations and deal making, despite the ongoing internal power struggles.⁵⁷

1.7 Anti-corruption interventions and their political dimensions

Anti-corruption reforms in Cambodia have included a range of political, administrative, legal and market-based strategies. In general, the reforms have been government-led, but with strong donor support and collaboration. At least rhetorically, the Royal Cambodian Government's policy language is strong on anti-corruption: the rectangular strategy, for instance, aspires to a 'corruption free society,' the government-created Anti-Corruption Unit (ACU) identifies corruption as 'the main cause of poverty' in the Kingdom, and an anti-corruption law was passed in 2010. Accordingly, the ACU was created in 2010, under the management of the Council of Ministers. It is the key government implementing agency on anti-corruption, and it plays roles in educating the public, receiving complaints about corruption, and

53. (Verver and Dahles 2014, Milne 2015)

54. (Milne 2015)

55. (Eng 2016, Craig and Pak 2011)

56. According to informal interviews conducted by one author. Tension between these factions has allegedly risen since 2012, when Cambodia was chair of ASEAN: Cambodia tried to block a joint-communique from ASEAN on the South China Sea, in which Vietnam was one of the key parties involved opposing Chinese marine territorial claims.

57. (Strangio 2014)

conducting investigations, among other things. According to the ACU website⁵⁸, staff training is now underway with Chinese support, for example the Chinese Academy of Discipline Inspection and Supervision (CADIS). The other key institution is the National Audit Agency (NAA), established in 2000: Cambodia's first supreme audit institution to ensure transparency and accountability of government revenues.

For Western donors, engagement has involved doing robust 'corruption assessments',⁵⁹ and then financing projects through government departments and NGOs. Donors recognise that Cambodia's civil society capacity and legal frameworks for anti-corruption are relatively strong, while key weaknesses are found in law enforcement and the judiciary.⁶⁰ Donors who have supported anti-corruption interventions include the World Bank, the Swedish International Development Cooperation Agency (Sida), the Asian Development Bank (ADB), Denmark's development cooperation agency (Danida), the United States Agency for International Development (USAID), the German development cooperation agency (GIZ), the Japan International Cooperation Agency (JICA) and the Australian Department of Foreign Affairs and Trade (DFAT).⁶¹ Donor support for NGOs have emphasised social accountability programmes including the Local Good Governance programme and other 'demand'-side transparency initiatives.⁶²

Nevertheless, Cambodia's anti-corruption institutions have been subject to political capture. The ACU, in particular, has become a convenient political tool of the regime to eliminate its rivals. In one high profile case involving CPP elites, the ACU arrested and prosecuted the former Chief of the Bodyguard Unit of Chea Sim, the late president of the CPP, for 'embezzlement, weapons possession, breach of trust and forgery'⁶³. This case is notable because it is allegedly linked to CPP internal power struggles. A similar case, but involving less serious punishment, was that of a four-star general – the Military University president – who was investigated by the ACU for corruption. He was transferred to a 'higher' position in the bureaucracy, but one which lacked power – a common CPP practice for dealing with those who fall out of favour. The ACU has also been instrumental in the regime's attack on the opposition. As it is widely

58. http://www.acu.gov.kh/en_index.php

59. (eg Calavan et al 2004, Transparency International 2014)

60. (Transparency International 2014)

61. (Ibid)

62. (Som 2017, Rodan and Hughes 2012)

63. (Sarom 2017)

known, Kem Sokha was prosecuted along with five other NGO staff on bribery charges and over sex scandals, even though these offences are widespread among CPP leaders.⁶⁴ Thus, it appears that the ACU has provided CPP elites with a powerful sword to knife opponents.

In this context, where national integrity institutions are so patently intertwined with political dynamics, the extent to which anti-corruption reforms will be successfully implemented remains questionable. As experiences in the natural resources sector suggest: reform initiatives are often welcomed and allowed to take place, so long as they do not challenge the established power structures or interests of the ruling regime.⁶⁵ Similarly, we observe that certain anti-corruption reforms have succeeded precisely because they strengthen the hand of ruling elites. This does not mean that it is futile to create or support institutional change. Rather, institutions need to be entrenched within wider social coalitions for reform to succeed.⁶⁶

Furthermore, such social coalitions have the potential to serve as an important galvanising point for pursuing projects like democratic change. This is particularly the case for anti-corruption institutions and coalitions, because the 'moral' implications of anti-corruption discourses are especially able to electrify a broad spectrum of social and political groups. Thus, donor attention could well be expanded from the technical, prescriptive characteristics of institutions, to the social and political coalitions in contestation over them.

2. Cambodia's anti-corruption regime

To frame our analysis of Cambodia's anti-corruption regime, we develop a distinction between so-called liberal reforms, and reforms that pursue more democratic outcomes. By developing this framework, we argue that it becomes easier to interpret the kinds of reforms that have 'worked' in the Cambodian context, and why. Thus, this section explains the nature and effects of Cambodia's anti-corruption reforms, drawing from the distinction between liberal and democratic reforms (section 2.1 and 2.2), with close observation of outcomes in public finance management (PFM) reform

64. (Sokhean and Willems 2016)

65. (eg Work et al 2018)

66. (Hutchison et al 2014)

(section 2.3) and decentralisation (section 2.4). We address public expenditure tracking survey (PETS) tools and access to information reforms in these two sections respectively.

Literature on anti-corruption is a mix of academic and grey literature, including donor commissioned reports, independent reviews and academic work. It should be noted that there is something of a disjuncture in this literature: while donor-supported reports and project reviews concentrate more on the implementation of a single project, academic reports are concerned with wider, political or economic dynamics. By conducting a desktop review of both literatures, we try to bring these perspectives together, placing individual project success within a broader political economy analysis.

2.1 Liberal versus democratic anti-corruption reforms

Anti-corruption reforms are not frequently associated with ideological cleavages. Indeed, the political capital gained from pursuing anti-corruption derives precisely from the way that anti-corruption projects itself as a public good that transcends conventional political tribes. After all, unlike other kinds of social or political reforms, there is no pro-corruption lobby. As Rodan and Hughes⁶⁷ argue, policies and programmes associated with anti-corruption can be disaggregated into fundamentally different concepts of social accountability. They explain how democratic notions of accountability assert the political authority of citizens over power-holders and as such, map broadly onto notions of *vertical accountability*.

Democratic notions of accountability in turn hold different reasons as to *why* corruption is bad. In democratic notions corruption is a violation of social justice in that it disadvantages certain groups or classes over others. Anti-corruption reforms that operate according to a democratic notion of accountability often emphasise open and adversarial deliberation or meaningful citizen participation in decision making, including the reallocation of substantial material resources. In such reforms citizens are directly involved in the exercise of authority.

67. (2014)

By contrast, liberal notions of accountability are vested in the primacy of the individual, that is the legal, constitutional and contractual relationships to restrain the ability of the state to impede on the voluntary arrangements of the individual.⁶⁸ The problem of corruption, from a liberal perspective, is not that it disadvantages social groups. Rather, corruption is inefficient, unpredictable and – like too much 'red tape' – impedes the freedom of the individual to engage in voluntary contractual relationships. As such liberal reforms tend to emphasise *horizontal oversight* within the state, alongside the service-orientated efficiency dividends often associated with *new public management* reforms.⁶⁹ Examples of liberal reforms include the development of national integrity institutions like anti-corruption agencies, decentralisation, public finance management and other quality assurance mechanisms – precisely the kinds of horizontal forms of accountability endorsed in Cambodia.

In practice, the distinction between liberal and democratic reforms is often unclear. Reforms like participatory budgeting, consultative decision-making and information transparency, for instance, have been associated with both liberal and democratic traditions, and distinguishing the two requires very careful consideration of reform effects. One example of this is in access to information reforms, often a central plank in anti-corruption efforts: here, Fox⁷⁰ argues that simply making information 'transparent' does not in itself generate accountability. For transparency reforms to bring about real democratic forms of social accountability, information needs to be regular, comprehensible and available in a form that allows structural insights that would allow relevant groups to agitate for change.⁷¹

We also do not wish to suggest that one reform type is somehow easier than another. As the laboured process of reform in sites of state-led development has showed, both liberal and democratic reforms can be heavily contested because of the consequences they bring for powerful interests. Nonetheless, Rodan and Hughes argue that in political contexts where there is even a minimal consensus around the commitment to market-orientated capitalism, political elites are more likely to find compromise around liberal reforms. This is for two reasons: (i) in the economic sphere, such reforms pay dividends in terms of investor confidence; and (ii) there are political benefits

68. (Rodan and Hughes 2014)

69. (bid)

70. (2007)

71. (Rodan and Hughes 2014, Fox 2007)

to liberal anti-corruption reforms. In terms of the latter, by emphasising horizontal oversight, regimes can alleviate internal political tensions. For instance, far from produce accountability, institutions of horizontal accountability, like the ACU or the NAA, can 'insulate' decision-making bodies from political scrutiny, and/or create political space to accommodate technical experts, who might otherwise pose a threat to the wider regime of power.⁷² Arguably, Cambodia's anti-corruption regime has cherry-picked liberal reforms, while excluding those that promise more democratic outcomes. In turn, the CPP has used anti-corruption policies to deepen, centralise and consolidate rule, as we explain in the following section.

2.2 Understanding anti-corruption reforms in Cambodia

Anti-corruption is now a substantial area for policy development and programming for governments and international donors alike. The emergence of a national agenda for anti-corruption programming is often linked to the ratification of the United Nations Convention against Corruption (UNCAC), which Cambodia signed in 2007. While the convention makes the case for anti-corruption on the basis that corruption erodes democracy and rule of law, it is important to note that the impetus for action for many national governments is often less about democratisation than the pressures of maintaining competitiveness in an increasingly global market.

This is no less true for Cambodia over the past decade, during which a suite of anti-corruption reforms have been implemented amid declining political space. In parallel, economic liberalisation has yielded strong growth rates of 6-7% and rising rates of foreign direct investment, which in 2016 increased by 25% to US\$ 2.16 billion.⁷³ These figures chart a huge economic boom from 2002 onwards, when Cambodia's FDI was just \$50 million. Nevertheless, Cambodia's economic performance and private sector remains highly constrained by institutionalised corruption – an observation that has prompted government reform.^{74 75}

72. (Rodan and Hughes 2014)

73. Global Investigations Review attributes this growth to financial sector reform (2017).

74. (Warr and Menon 2016)

75. In a World Bank survey of 800 businesses, 75% identified corruption as their biggest constraint. In 2005, James Wolfensohn, then president of the World Bank warned that Cambodia's 'economic future hinges on stamping out the flagrant corruption that has

Hun Sen's promise to improve governance and cut red tape has significantly lifted Cambodia's economy in the last decade, and anti-corruption reforms have played a critical role in this achievement.⁷⁶ Thus, Cambodia's political narrowing has not impeded the economy's ongoing growth and liberalisation. Indeed, the combination of political authoritarianism and market-based economies has historically been the principal vehicle for many of Southeast Asia's developmentalist states.⁷⁷ Maintaining authoritarianism in the face of economic liberalisation does, however, have inherent tensions and challenges. In the case of Cambodia, whose growth rates came off the back of a very low base, the economic 'low hanging fruit has already been picked.'⁷⁸ Business Monitor International argues that 'the political consensus is such that further market reforms are essential' to ensure increasing flows of FDI and market competitiveness, particularly with ASEAN economic integration looming. Thus, the regime's appetite for reforms has clustered around *liberal* rather than *democratic* notions of social accountability.

In this light, the anti-corruption reforms embraced by the CPP have succeeded in part because they fulfil the aspirations of the ruling coalition, or at least critical elements of this coalition that seek further liberalisation, diversification and rationalisation of Cambodia's market economy. Indeed, Cambodia's anti-corruption agenda is now all the more imperative, as foreign investors get jittery about the uncertain or unsavoury political context.⁷⁹ In this way, the liberal rather than democratic anti-corruption reforms embraced by the CPP, maintain the country's openness for investment on the one hand, while constraining political space on the other.

Thus, anti-corruption reforms and institutions in Cambodia have apparently provided a means for the CPP to address core tensions in the regime arising from underlying changes in the political economy. That is, the reforms have served neoliberal economic priorities to deepen market capitalism and reassure foreign investors, while also providing a means to extend centralist party oversight over economic activity, and to accommodate a rising cohort of new elites produced through socioeconomic and demographic change. Moreover, the reforms either leave the shadow economy untouched or offer means for central elites to amplify or reassert their control over these off-

undermined the country's business prospects since the end of the Khmer Rouge era' (Warr & Menon, 2016).

76. (Asian Development Bank 2014)

77. (Robison, Hewison and Rodan 1993)

78. (Business Monitor International 2017)

79. (Mol 2017, BMI 2017)

budget resources. In the analysis below we examine these themes, while acknowledging that there have been important and patently hard-won programmatic successes.

2.3 Public finance management: FMIS and PETS Education

The Public Financial Management Reform Program (PFMRP), launched in 2004 with support from international donors, is a key component of Cambodia's anti-corruption regime. PFMRP is divided into four distinct phases, aimed at improving: 1) budget credibility, 2) financial accountability, 3) budget policy linkages, and 4) performance accountability. Although the program was slated for completion in 2015, the reforms met with challenges in 2008-2013 that delayed implementation (Transparency International 2018). The program has just completed the second phase and is now in phase three, after a major push for revenue collection in the first period.

In seeking to reform how state resources are organised, allocated, transferred and made accountable PFMRP represents a comprehensive set of reforms. Reforms are legal, such as the 2008 Law on the Public Finance System which affirms the right of public access to budget information. They are deeply technical, such as the ongoing implementation of the Financial Management Information System (see below). PFMRP is also far-reaching in that these reforms have discreet-sectoral specific implications for the workings of individual ministries that have their own implementation processes. This section is not a comprehensive review of the PFMRP program, but focusses on sections of that program for which there is an existing literature. The authors found a significant literature on FMIS, budget transparency and PETS which is reflected in the following section.⁸⁰

80. It should be noted that the literature on FMIS implementation in Cambodia, a program still in implementation, spans over 10 years. Some of the most comprehensive works were published in the last two years. The authors found considerable diversity in how this body of publications understand, evaluate and analyse this program and surprisingly limited cross-referencing within the literature. The authors have been careful to date and reference the publications used for analysis in this section.

Financial Management Information Systems

As part of PFMRP, with the support of the World Bank and other international donors, Cambodia's Ministry of Economy and Finance (MoEF) is in the process of implementing an integrated online Financial Management Information System (FMIS). The aim of FMIS is to produce a budgetary processing system that allows greater sharing and monitoring of budgetary transactions, as well as new ways of understanding and aggregating data about public finance expenditure. Although the reforms, managed principally through the MoEF's IT department, appear technical, they must be understood as fundamentally political, as indicated in the national review of FIMS by Hughes et al (2017). Changing the "technical possibilities for moving money and accounting for its expenditure" challenges existing power dynamics because it urges a transformation of Cambodia's centralised, discretionary decision-making system, which frequently saw large deviations from the budget and was overburdened with duplicate processes and checks that served rent-seeking by gatekeepers (ibid).

Unreformed, Cambodia's budgetary system enabled and embedded the neopatrimonial system described in section 1, wherein budgetary deviations reflected relations to political patrons. However, the sheer number of steps around budgetary allocations also diffused centralist power dynamics. By increasing the number of steps in budgetary transfers, a proliferating number of MoEF elites, brokers and middlemen could leverage their authority over the transfer process to extract rents. This enabled some political and economic entrepreneurs to fast track or move diagonally through an otherwise hierarchical patron-client system of neopatrimonialism. FMIS threatens these power dynamics and opportunities because it fixes budgetary disbursements to the allocation specified in the budget, drastically reducing the number of steps required to transfer public funds. Moreover, it provides for new ways to assess, measure and analyse budgetary information. This makes discrepancies, inefficiencies and gatekeeping easier to detect.

As a result, Hughes et al (2017) found that program implementation lagged at points due to lack of enthusiasm from MoEF middle management who feared that the FMIS would undermine their authority. The problem was exacerbated by the low status of the MoEF IT department charged with implementing what the MoEF executive had cast, at least initially, as a mere software upgrade. To push through the plan required numerous statements

of political support from senior members of the ruling party's inner circle. The program was also enthusiastically supported by provincial treasury who saw the FMIS as an efficient means to meet their reporting requirements to the centre. So far the program has been implemented in ten line ministries with plans to roll out the program to more ministries in 2019.

In spite of its relative success, some sources suggest that this budgetary reform has failed to curb the embezzlement of government funds.⁸¹ This is because the budgets proposed by national and individual departments to MoEF are usually much higher than the actual expenses. The surplus is then pocketed by elites but also flows into the CPP Working Groups, to finance political campaigns on a year-round basis. In annual budget meetings, the MoEF generally accepts the amount being proposed or tries to negotiate for a reduction where possible. The situation would backfire, however, if MoEF was too stringent or restrictive. Resolution then comes during the auditing period, when the NAA auditors and accountants of each state institution work with one another to produce reports to cover any discrepancies.

The Hughes et al (2017) study also indicates that transfers remain tardy. Payment arrears are around 60 days, an improvement on the previous period of 90 days but still well above norms of 30 days. This suggests that FMIS continues to incorporate numerous unnecessary steps or indeed is used as a parallel means of reporting, adjacent to the now redundant manual system. There are also some indications that the software was altered according to discretionary requests by middle management, again amplifying the number of gratuitous checks on transactions.

More fundamentally, the Hughes et al study argued that the eradication of unnecessary steps around expenditure management should transform the nature of work itself at the MoEF: rearranging job descriptions, reorganising hierarchical relationships and establishing horizontal working partnerships. This will mean a major shake up to the patronage relationships that underpin the bureaucracy, and likely retrenchments in an institution that has long been utilised as mean to redistribute rents and maintain power for the ruling CPP (Hughes et al. 2017). For this reason, the Hughes study indicated the need to continue monitoring, improving and honing the program post-implementation.

81. Anonymous sources within government, after informal interviews in Phnom Penh in 2018.

The Public Expenditure Tracking Survey (PETS)

The success of Cambodia's financial reforms is evidenced in the findings of the PETS on school financing, a priority sector for the government's "rectangular strategy" (So et al 2017). The PETS traced material and fiscal flows (specifically the Sida funded SIG⁸² and SOB⁸³ funds) from the central government, through provincial treasury and the Ministry of Education Youth and Sport (MoEYS) provincial level tiers to the bank accounts of local education providers. Through a random survey of 10 provinces, researchers (ibid) found that funds at the district treasury level and at district offices of the MoEYS matched budgetary allocations. School accounts show that schools received the full amount due to them and school accountants knew the correct amount to which their school was entitled. The effect of this is to reduce schools' reliance on a shadow economy of off-budget sources, generated in part from privatised tuition and bribes paid to teachers by students, which produces institutionalised corruption. Such systematic under-financing of ground-level government offices is a known driver of corruption, as seen in Indonesia's police force.⁸⁴

Though this is no longer the case in Cambodia's school system, we flag two areas of concern. One is in the sum of the allocations. PETS did not survey schools as to whether allocations were in fact adequate for school needs. The report mapped a huge range in annual school operational funds (SIG and SOB funds combined), from US\$248 to US\$25,833 and it is hard to see how schools on the lower end of allocations can adequately meet quality educational outcomes. As seen in Indonesia, while the regularisation of public finance and increased budgetary allowances has assisted police stations with their operational costs, the actual sums are still below what police chiefs actually need, meaning that institutionalised rent seeking persists.⁸⁵

82. SIG funds are School Improvement Grants, funded by the Swedish International Development Agency.

83. SOB are School Operational Budgets, the primary treasury source for school funding.

84. For example, in a similar study of Indonesian police financing (Baker 2013, 2015), PETS showed significant leakage with lower tier police stations often completely bereft of public funds. This led to a complex system of rent-seeking for police officers and chiefs of police. Although the reasons for this system are complex, one key enabling factor is the lack of transparency and accountability in the police budgets, such that station accountants are completely in the dark as to their annual allocations.

85. These costs are often reflective of maintaining patrimonialism, such as a "guest" account to entertain visiting police chiefs and cash payouts to seniors.

A second issue is the timeliness of school transfers. Schools should receive four disbursements per year, but due to delays at the start of the year, schools often only receive two larger allocations. Delays impact the purchase of essential supplies and as schools have little to no savings, school directors frequently seek funds from external creditors and “the community” to cover shortfalls (So et al. 2017). Tardy first transfers also mean that directors spend some of their operational funds repaying interest to creditors, rather than on school needs. Thus, as seen elsewhere (Baker 2013, 2015), institutionalised corruption is driven as much by the size of the budget allocation as its predictability.⁸⁶ In the context of Cambodian schooling, some schools make their first budgetary transfer request very late (So et al. 2017), as observed by Hughes et al (2017) in the context of FMIS. This suggests that schools regard public funds as a financial afterthought to the illicit side-economy of rents and private-sector donations. More research is required on the illicit dimensions of school financing.

The political dimensions and possibilities of Public Financial Management Reform

While the planned impacts of Public Financial Management Reforms (PFMR) are potentially far-reaching, the changes they imply directly challenge the vested interests of the CPP. The discretionary and patrimonial use of public funds at the budget drafting and planning stages, controlled by the Office of the Council of Ministers, has been part and parcel of how the CPP has historically organised and distributed power and privilege, consolidating their 30 plus year rule. Given this, why has PFMRP, and indeed, FMIS specifically, gained traction with the ruling party?

So far FMIS has attracted high level political support because it advances the regime’s economic goals, as indicated earlier, and because improved budget execution and service delivery were part of the CPP’s “hearts and minds” political strategy for the 2018 elections (Soeung 2016). However, with the dissolution of political opposition and the increasing power of Cambodia’s political centre, there is less pressure on the CPP to “usher in

86. Unpredictable transfer dates were exploited by rent-seekers in Indonesia’s policy to justify establishing corrupt relations with private sector actors who had their own interests in providing “gifts” and credit to the police. These private sector relations yielded illicit transfers to the police station that far outweighed budgetary allocations such that when funds finally arrived (often showing significant sign of leakages) they were frittered away in unnecessary spending activities or raided for personal use (Baker 2013).

enough reforms to maintain power” (ibid) as there was in the aftermath of the 2013 election. As we argued in section 1, the time of reform to curry regime legitimacy is over and the CPP plainly means to “retain power through force”.⁸⁷ In these circumstances, while public finance management will continue to be prioritised, there is less pressure on the ministries to continue pursuing the full reform potentials offered by FMIS.

However, there are other reasons to presume that some of the potentials of FMIS will be realised. As the political developments of the past four years show, the CPP inner circle has interests in consolidating and centralising power. This includes disciplining and taming potentially threatening political and economic entrepreneurs. For this reason, the CPP may see FMIS as a means to extend control over, monitor and discipline the performance of bureaucrats within the Ministries, like MoEF.

For donors seeking to build on the opportunities for reform presented by FMIS, understanding interests at the political centre may be critical to reorganising a new political and bureaucratic coalition in support of further deepening of FMIS. In other plural political contexts, such a coalition would include a range of non-government actors, including civil society organisations and university think-tanks but in the Cambodian context such actors would only likely be able to participate at the behest of the CPP.

Here, the narrow group of actors involved directly in implementing the PFMR program suggests that while improved public finance management continues to be a priority for the regime, improving accountability is not. Despite Phase Two’s aim to “improve financial accountability” wider frameworks for horizontal and vertical accountability are simply not in place. For instance, the NAA continues to be ineffective and obscure, offering partial and heavily delayed audit reports. Rather than prioritise reform for this institution, its recent relocation to a peripheral area of Phnom Penh only underscores the regime’s determination to hold a monopoly power on how public finances are organised and distributed (Ear 2016).

So far the PFMR program has also not prioritised public knowledge of, or participation, in budgetary processes, for which there is an existing and significant legal and policy framework. Public knowledge and participation in budgetary processes can be understood as advancing *democratic* notions

87. Supporting Democracy and Human Rights in Cambodia: Hearings before the House Foreign Affairs Committee, Asia and the Pacific Subcommittee, Senate, 115th Cong, (2017).

of accountability because, notionally at least, they open up the potential for meaningful citizen participation in decision making towards the substantive reallocation of material resources. Central to democratic accountability are open access reforms that make budgetary information publicly available in an accessible and timely manner. On this indicator, PFMR has been broadly successful, reversing Cambodia's declining performance in the 2012 and 2015 in the Open Budget Survey. The overall OBS score for Cambodia in 2017 was 20/100, up from 8/100 in 2015.

These are encouraging outcomes that suggest that there have been real changes in the way that the Cambodian government understands and organises budgetary information. However, advocates of open access to information can assume that gains made on this metric will “automatically”, or at least “inevitably,” increase public participation in and public knowledge of budgetary information. Instead, advocates of democratic accountability need to ask whether available information can and will be used in ways that bring about meaningful opportunities for redistributing resources. On this indicator Transparency International Cambodia's April 2018 public survey was illuminating. 97% of survey respondents indicated that they wanted to see national budget information, but 98.9% indicated that they had never attempted to seek such information. What this suggests is that while Cambodians believe they have a right to budgetary data, they alternatively are unsure how to access it, how to read it and whether the government grants this right. Transparency International argues that these findings underline the broader ideological paternalism of state rule wherein the government “knows best” (Transparency International 2018). Moreover of the 18 respondents (of 1596) who attempted to obtain information on the national budget through media, subnational officials or online, only 22.2% were successful, indicating that while information is available, certain kinds of information that the public understands as useful is not. While there have been some impressive gains in the physical accessibility of budgetary data, the absence of public knowledge of such data suggests that planned reforms should consider in what ways these advances can build towards democratic accountability. Data on budget transparency and access to information at the commune level will be addressed in the section on Decentralisation, below.

Although the PFMR program aims to improve budgetary accountability, the critical question is accountability to whom? A budget is accountable when it is materially responsive to citizen priorities. For that to be achieved, a host of frameworks need to be in place. Efficient, credible and effective financial

information management is critical to the mix, but cannot alone produce budgetary accountability. There needs to be equivalent emphasis on access to understandable and readily available budgetary information, established mechanisms for citizen participation in the drafting and planning process and, most critically, the democratic right to mobilise, associate and indeed agitate for budgetary priorities. Phase Two of PFM RP has emphasised FMIS and the role it plays in modernizing and rationalising public finance information management above other forms of accountability. Ultimately, these early successes of the ongoing FMIS program suggest that Cambodia is on track to achieve its goal of rational public finance management, towards better service delivery, an achievement which needs to be seen as distinct from “democratic accountability” of public finances. As such, we venture that in the immediate to mid-term, the principal beneficiary of the public financial management reform program is the central government, who will be able to reassure the business community that reform is proceeding apace, and will be provided with effective tools to extend and consolidate executive and MoEF control over state finances.

2.4 Decentralisation

Decentralisation is important to anti-corruption frameworks because, by devolving powers to lower tiers of government, decentralisation makes governments more responsive to citizen preferences and therefore more accountable to them. Political decentralisation is supposed to strengthen vertical accountability by allowing voters to directly elect local politicians who run the local administration. Administrative decentralisation refers to a range of authorities devolved from central to local government so that local administrations can deliver services. Typically, this relies on increased accountability between institutions at the central and local level. Cambodia is no stranger to such reforms, having experienced numerous 'regimes' of decentralisation and re-centralisation, since the 1980s. The current decentralisation regime – the 'decentralisation and deconcentration' (D&D) reforms – commenced after the 1997 coup with consistent involvement from the international donor community. This coincided with the first commune council elections in 2002, and thus the creation of democratically elected local administrative bodies.

Despite the Cambodian government's long policy commitment to decentralisation, reforms have taken place across varying internal political

dynamics and economic pressures, accounting for differences in institutional change across the different tiers of government. D&D has remained on the government's agenda, amidst high levels of funding and political support from international donors. Yet frequent implementation delays and legal inconsistencies illustrate how the process has been internally contested.⁸⁸

One important feature of the current D&D regime is the distinct layers of decentralisation at different tiers of government, and how the CPP has had varying degrees of control over these distinct arenas. The 2001 law on the Administration of the Commune/Sangkat overturned the appointment of local commune councillors by the Ministry of Interior to establish regular direct elections for commune councils who serve a five-year term. This has formed a new, localised space for open political contestation. In contrast, the 2008 Organic Law provides for the indirect elections of district and provincial level councillors. Councils are formed through the voting preferences of the 11,000 commune councillors compelled to vote through the party list system. In the 2009 indirect election the CPP dominated 2249 of 2861 seats. Districts and provinces are also overseen by a Board of Governors, appointed by the Ministry of Interior, whose role is legislative rather than administrative.

These two systems of election have produced varying levels of control for the ruling CPP. At the district and provincial levels, the CPP have prevailed. In the first district and provincial level election in 2009, the CPP extended their dominance over district councils. In 2014, the CPP increased their share by taking 77% of council seats. For the CPP, the district level is the area in which they have consolidated their control. The direct elections at the commune level, however, have produced contrasting results. Three rounds of direct elections since 2002 have seen a significant shift away from the CPP, especially in urban areas. The 2017 elections saw the opposition party CNRP make substantial gains by capturing 44% of the vote, despite international observers labelling the election 'fundamentally flawed.'⁸⁹ The commune elections have become something of a proxy for crystal ball-gazing about the general elections. Not surprisingly, given these differential levels of political control, the CPP has prioritised reforms at the district level rather than at the commune level.⁹⁰

88. (Eng and Ear 2016)

89. (Human Rights Watch 2017)

90. (Eng 2016)

Contested political support for decentralisation within the ruling regime over the decade of reform also explains the significant discrepancy between the legal framework that specifies the powers of local government and the actual powers that local governments exercise. The 2001 laws on the Administration of the Commune and the ancillary sub-decrees provide the commune with a clear role in 'local administration and development' through the provision of a commune fund, financed by Treasury. Communes are also provided with low level revenue generation powers. Similarly, at the district and provincial level, the Organic Law of 2008 stipulates that district administrations are supposed to 'undertake activities necessary to achieve the purpose of establishing, promoting and sustaining democratic development.' At the commune level, the Law on the Administrative Management of Commune/Sangkat provides a legal basis for councils to implement local democratic governance wherein local communities decide upon funding priorities through open planning processes where citizens are invited to participate. The sub-law decree on Commune/Sangkat Financial Management (2002) further enshrines public participation in budgeting as a right necessary to building responsible government and includes provisions on public access to budgetary information and reporting.⁹¹

TI Cambodia's April 2018 survey assessing these mechanisms at the commune level shows a notable improvement in public knowledge of and experience in budget planning compared to the national level (see section 2.3). 85.1% of those surveyed are aware of their right to participate in the annual village meetings to discuss the commune development plan and 72% of respondents are aware of their right to view and comment on commune budget plans before they are executed. 62.2% of respondents were aware of their right to participate in regular commune council meetings and 50.6% were aware of their right to access a full written record of funds. However, at the commune level, the distinction between awareness and actual participation is acute. Only 28.6% had ever participated in a budget meeting. Of those who hadn't participated, most said they lacked time, but a significant proportion (32.8%) said that they were not encouraged to participate. 20% said that they were actively disallowed from participating.

91. In accordance with the various sub-decrees, the draft commune budget is built in consultation with the community through planning meetings. A draft of the budget needs to be disclosed for public discussion two weeks before approval. After this point, the draft budget is approved by the head of the council. The community can monitor budget implementation through monthly financial reports which are consolidated into a final annual budget to be reviewed by the council.

53.8% said that participation in the commune level decision making was for 'big people' who were friends and family of the commune.

In terms of budget transparency, only 15% said that the commune makes a full record of its funds and only 11.6% had ever viewed or commented on a budget plan. Only 1.9% had viewed a full written record of spending. 41% of those who had sought to access budgetary information said that they were not able to view the documents. Lack of transparency exacerbates public apathy in a wider political context of waning democratic freedoms. 65% of respondents said that they had never tried to access budget documents. 23.6% said that commune chiefs benefited more from commune spending and 37% said that the commune spending reflected commune interest alone.

Despite some evidence of public participation in commune level budgeting, it should be stressed that in practice local government is fundamentally constrained in how decisions are made and how resources are mobilised and shared.⁹² At both the district and commune levels, laws grant the councils diverse and considerable revenue raising powers. These powers are generally not exercised, with local government relying heavily on national budgetary transfers. Transfers themselves are a fraction of the national budget. Between 2009–2013, provincial, district and commune allocations combined made up just 7% of the budget. Broken down, the figures are telling. The commune fund is 2.8% of the national budget, around US\$ 46,000 per commune. By contrast, the district fund receives 0.8% of the budget, or US\$ 132,000, of which only US\$ 30,000 can be earmarked to finance development projects.⁹³ In short, if indeed the survey reflects greater public participation in budgeting at the commune level, the monetary stakes are nonetheless very small. Most of the spending at the commune level by local government has been largely one-off, small scale infrastructure projects that have been insufficiently maintained in subsequent budgetary periods.

In this structural context, Eng illustrates how the CPP has used decentralisation reforms as a means to transform and reorganise the party structure, extending the control of Phnom Penh over the regions.⁹⁴ The CPP has done this in two ways. The first is to control and inhabit the actual institutions of decentralisation. Decentralisation has opened up new

92. (Eng 2016)

93. (Eng and Ear 2016)

94. (2016)

positions for the party to redistribute as favours to a familiar cohort of party apparatchik and retired officials. Eng documents how this largely older generation of long-term party loyalists have been shuffled into party lists for councillors and heads of council.⁹⁵ But more than patrimonialism-as-usual, changes to the organisation of party infrastructure and resources have allowed the party to manage the jungle-gym dynamics of power fuelled by Cambodia's demographic and socio-economic changes.⁹⁶ The post Khmer-Rouge baby boomers, who make up over 60% of the population, are not just cheap labour fuelling Cambodia's economic boom or a voting bloc with a middle-class appetite for political change. Many are highly educated, seeking executive roles in the private and public sector.⁹⁷ Others are local businesspeople who have donated heavily to the party. Some are graduates from the Royal School of Administration or have international postgraduate credentials. This group is discontented with conventional CPP-style governance, and is keen to exercise their own leadership. If left politically alienated, they present challenges to the regime's established power dynamics.

Eng shows how decentralisation has enabled some of these elites to be brought into the CPP fold through appointed Board of Governors (BoG) positions. This is particularly at the district level which has become a focus for the government's decentralisation agenda. Party loyalists appointed to the BoG are expected to 'promote funding sources for the party and its development projects rather than improve the quality and reliability of local public services and accountability in state run service delivery.'⁹⁸ Crucially, the BoGs function as lucrative hubs for illicit party financing. Appointees extract and mobilise resources from local economies through patronage relations with the private sector and direct them through patronage networks to finance party-nominated development projects and other campaign activities.

The other mechanism for party revenue raising and funding allocation is the Party Working Groups at the commune and district level. These groups provide the party with a direct 'ear' to the people and their funding priorities: 'Needs identified locally are...passed upwards through the party structure for the national party elite to respond to' in the form of ad hoc party-

95. (2016)

96. (Soeung 2016)

97. (Ibid)

98. (2016)

sponsored development projects.⁹⁹ Local communities, unable to distinguish between local government and party financing¹⁰⁰ see CPP rural development projects as 'gifts' from the centre to the periphery, amplifying their conviction that only national elites associated with the party can 'get stuff done.' The TI Cambodia survey evidenced this with 33.1% indicating a belief that the commune budget is a 'gift' or donation from the party. The value of CPP sponsored projects is enhanced by the structural and legal limitations on local government to initiate projects outside of low-level infrastructure. Issues such as health, agriculture, water, land management and employment lie in the hands of the central ministries and are beyond the purview of the commune, which leaves these hot-button areas open for a party, rather than government, response. In this way, decentralisation has strengthened the bond between the central level of the party and the people.¹⁰¹

In sum, it appears that D&D reforms, while creating new spaces for political contestation, have been effectively used by the party to strengthen its control over government institutions, public budgets and local access to public services. Decentralised institutions have also expanded the range and capacity of the party's shadow financing to extract and redistribute illicit monies to target population as part of ongoing attempts to shore up popular support. In this context, further capacity building for local authorities, which currently occupies 70% of the international development assistance budget, will not transform the CPP's institutional capture of commune and district level institutions.¹⁰² Furthermore, reforms are unable to tackle the parallel and informal party structures that operate alongside commune and district councils, which are potentially more influential and better financed than formal public institutions at the local level. In spite of this, the results of TI Cambodia's commune level survey show that there is space to work on demand-side accountability reforms at the commune level.

99. (Eng and Ear 2016)

100. (Transparency International 2018)

101. (Eng and Ear 2016)

102. (Eng 2016)

3. Cambodia and China in comparative perspective

China has played a much-scrutinised role in the Cambodian political economy and in Cambodian politics per se. These ties have been outlined in section 1, but to recap, mainland China represents the largest source of Cambodia's ODA, exceeding traditional development assistance from foreign governments which has been in decline. Aid Data estimates that from 2010–2014, China supported 102 projects totalling more than US\$ 3.9 billion per year. China is also a major investor in Cambodia with FDI reaching US\$ 511 million in 2016.¹⁰³ Politically, the Chinese government has thrown its clout behind the Hun Sen regime, including throwing its weight behind Hun Sen's recent re-election in the face of condemnation from the international community.

In this section we examine China's anti-corruption regime. We do this with a view to understanding some of the institutional similarities we might see as the Hun Sen regime continues to support anti-corruption policies. We note that China's suite of anti-corruption reforms has produced similar political effects to the dynamics outlined in the previous sections of this report. As in Cambodia, we observe the way that China's anti-corruption reforms serve to personalise political power, whilst centralising and rationalising the administrative state in the face of deepening marketisation. In the second part of this section, we turn to the question of how Cambodia's political economy might generate internal tensions that could open up spaces for genuine reform. Despite their asserted political kinship, we assess whether Cambodia's *economic* relationship with China might produce unexpected opportunities to progress anti-corruption reforms.

3.1 China's anti-corruption regime

China – also an authoritarian regime navigating the challenges of economic liberalisation – has seen corruption positively enable economic growth.¹⁰⁴ Transparency International ranks China 77th of 180 countries on its CPI and, given the monopoly power of the Chinese Communist Party, it is arguable that corruption is a core vulnerability of the Chinese political

103. (BMI 2017)

104. (Wedeman 2012)

system. However, the central apparatus has routinely embarked on anti-corruption drives that have attracted significant scholarly attention. Indeed, President Xi Jinping's current war against corruption initiated on his ascent to the position of General Secretary in November 2012, is notable as the longest and most pervasive anti-corruption campaign in China's modern history. Over the past five years, more than one million officials have been disciplined for corruption, five times the number netted by previous campaigns.¹⁰⁵ Far from simply targeting Xi Jinping's political opposition, the campaign has pursued 'big tigers and little flies,' including 48 officials at the rank of province/ministry and including the previously untouchable protégés and associates of Politburo elders such as Zhou Yongkang, former state security czar.¹⁰⁶

Scholars of China's anti-corruption agenda are divided as to whether to refer to it as a 'campaign,' a 'movement' or a set of reforms. This is because unlike anti-corruption efforts under previous leadership, Xi Jinping has not sought the obvious root-and-branch institutional reforms associated with anti-corruption drives, including strengthening rule of law, promoting greater judicial independence and promoting institutional transparency. The policy shift in anti-corruption in China is the reform of the CCDI, the Chinese Communist Party's Central Commission for Discipline Inspection and the newly established National Supervision Commission (NSC) or the state security commission and their use as the principal institutions for pursuing corrupt subjects. The CCDI oversees party cadres and the NSC has been formed with oversight responsibility for all management-level public servants including at hospitals and schools. Together these agencies supervise, investigate and punish, with broad interrogation and detention powers and minimal accountability. The CCDI and the NSC, both party-based institutions, have usurped the work of legal institutions, particularly the anti-corruption bureaus in the Central and Local People Protectorate¹⁰⁷ Chen argues that the anti-corruption campaign has reinforced vertical accountability within the Chinese state and reasserted the power of central authorities over local institutions.¹⁰⁸

As in Cambodia, anti-corruption efforts in China have taken place against a backdrop of narrowing political space, including attacks on NGOs, lawyers

105. (Skidmore 2017)

106. (Ibid, Hu 2017)

107. (Skidmore 2017, Chen 2017)

108. (2017)

and human rights activists abroad and at home. These political dynamics have also seen a recentralisation and personalisation of political power in the hands of Xi Jinping. In their review of online comments, Zhu et al¹⁰⁹ evidence that the political benefits of China's anti-corruption campaign have translated into increased political capital for Xi Jinping. Anti-corruption thus has enabled the increasing concentration of political power in his hands and that of the central party apparatus. In 2018, the National People's Congress, a legislative body often likened to a parliament, approved the removal of the two-term limit on the presidency, elevating Xi Jinping to president for life, a status on par with Chairman Mao Zedong. As such, Samson argues that anti-corruption has been a 'party building campaign for amassing political power amidst China's fragmented power structure.'¹¹⁰

While China's anti-corruption 'campaign' has strengthened the central party apparatus and consolidated the party-personalist features of China's authoritarian regime, it is notable that the campaign has also taken place within a wider context of continuing administrative and bureaucratic reforms. These reforms, alternatively labelled 'China 2.0' or China's 'New Normal' by the president, aim to fundamentally transform governance as Chinese growth rates cool and its export orientated strategy for growth meets headwinds in the global financial downturn. These reforms have included a strong emphasis on legal reform, including the centralisation of control over local courts and the professionalisation of the judiciary and the recentralisation of control of personnel, finance and property to the provincial tier from local government. These reforms are low risk politically and, as in Cambodia, are largely seen as part of a wider effort to rationalise and standardise public administration as part of a drive to increase service quality. As in Cambodia, reforms have emphasised public finance management reform, particularly the development of more stringent systems for allocating and transferring public monies, including increased budgetary transparency to the public via e-platforms. However, the effects of these reforms have been to discipline regional government and extend the power of the central administration.

109. (2018)

110. (2014: 41)

3.2 The geopolitics of anti-corruption

The depth of China's political and economic ties with Cambodia in turn has implications for anti-corruption in Cambodia. Business Monitor International noted the 'increasing reliance of the Chinese economy in terms of trade, investment and financial assistance which makes the Cambodian economy exposed to changes in Chinese economic fortunes.'¹¹¹ We are interested in the way that the relationship with China may create tensions in relation to the CPP and Chinese investment that might compel more substantive anti-corruption reform. Thus, for the donor community, it is important to identify how the CPP's strategic relationship with the Chinese Communist Party may create specific drivers for continuing anti-corruption reform.

Two aspects of Cambodia's relationship with China may incentivise further anti-corruption reforms. Firstly, on the part of Chinese investors, there are suggestions that Cambodia's economic conditions are not sufficiently competitive and risk capital flight. In a survey of firms in special economic zones (SEZ), including four Chinese garment firms surveyed at the Sihanoukville SEZ, investors complained that corruption was rife and that the investment enclave made their businesses 'targets' for rents from local and national government.¹¹² This coupled with the escalating cost of electricity (a sector controlled by Hun Sen's family), the low skill base of Cambodian workers and excessive 'red tape' suggests that without continuing reforms, the Cambodian government risks FDI flight. The CPP may find that to placate Chinese investors they will need to continue the kinds of liberal reforms associated with the current anti-corruption regime.

However, as section 1 of this paper highlighted, the possibility for political tension cuts both ways. Cambodians are increasingly asking who benefits from Chinese investment with rising animosity directed towards Chinese enclave communities. There are wider structural reasons for concern about the economic relationship between China and Cambodia. The World Bank has recently reclassified Cambodia as a lower middle-income country, which has knock on effects including raising the cost of credit and decreasing development assistance. In Sri Lanka, high rates of credit attributable to the new lower middle-income status coupled with sanctions by Washington over a deteriorating human rights situation, drove the

111. (BMI 2017)

112. (Warr and Menon 2016)

Rajapaksa government towards accepting a series of high interest loans from Beijing for infrastructure investment. By 2005, China was funding more than 70% of Sri Lanka's infrastructure projects, including the now infamous Hambantota port.¹¹³ Today Sri Lanka finds itself in a 'debt trap' having taken on loans worth US\$ 3.9 billion with China.¹¹⁴ Today, the country's debt to China is a source of intense political debate, triggering accusations that loan agreements were marred with corruption and protests that the country is selling its sovereignty.¹¹⁵

Business Monitor International argues that if corruption continues apace, Cambodia risks a similar debt trap, on the hook for billions for unproductive and unwise investments that have been driven by a host of bureaucratic middlemen, contractors, fixers, entrepreneurs and corrupt politicians.¹¹⁶ Sri Lanka's debt trap, which has recently prompted a fire-sale of the country's national assets and considerable domestic unrest can hardly be lost on the CPP. In this context, the Hun Sen regime may have interests in pursuing further anti-corruption reforms which would steel the Cambodian bureaucracy against signing off on unfavourable Chinese loan structures.

4. Final reflections and implications for future anti-corruption reforms in Cambodia

At first glance, the recent success of numerous anti-corruption initiatives in public finance and decentralisation in Cambodia might suggest that the largely technocratic and administrative policies in this sector are independent of wider political machinations. In this paper, we have argued the opposite. We contend that the structural – that is socioeconomic and demographic tensions involved with maintaining free markets and authoritarian neopatrimonialism – have been in part alleviated through liberal-orientated anti-corruption reforms and the new institutions and resources they bring, allowing central elites to accommodate and circumvent a rising cohort of mobile new elites. In this way, the regime's pursuit of anti-corruption reforms has served to consolidate and centralise

113. (Smith 2016)

114. (Var and Po 2017)

115. (Hillman 2018)

116. (BMI 2017)

power in the hands of CPP elites. For this reason, we suggest that donors interested in pursuing anti-corruption reforms that further assist the liberalisation of the economy, such as PFMR and other efficiency type reforms, will likely continue to find favour. We suggest this holds true even as Cambodia pivots politically and economically to China, fuelling anxiety about corruption on both sides.

We observe that 'democratic' type accountability reforms that seek to redress the balance of power in favour of popular will have so far been frustrated, evident in the neglect of reforms around budget transparency and participation at the commune and national level. We suggest that the TI Budget Transparency Survey¹¹⁷ indicated some opportunity to pursue anti-corruption reforms at the commune level. Achieving this goal will likely draw on a mixture of democratic and liberal type reforms (for instance, digitising commune budgets or training councillors), but we caution against implementing technocratic or 'capacity' building interventions as an antidote unto themselves. Strategies for how to deepen anti-corruption reforms need to distinguish more rigorously between liberal and democratic notions of accountability and be clear-eyed about exactly how interventions will deliver democratic dividends.

To arrest current reform dynamics, we tentatively suggest a reorganisation and reconsolidation of Cambodia's anti-corruption coalition. As we have argued, applying a critical political economy approach, institutions need to be entrenched within wider social coalitions for reform for change to succeed.¹¹⁸ While Cambodia's repressive political environment may seem an anathema to building coalitions for change, in fact, anti-corruption reforms tend to invite support from a wider spectrum of social groups than other governance sectors. Indeed, we might consider anti-corruption policies as uniquely able to attract broad coalitions for change¹¹⁹ When reforms are framed in nationalistic, moral or religious terms that draw on established or historical notions of authority, they tend to draw socially conservative groups into alliance with more progressive elements. As in the case of Indonesia's Corruption Eradication Commission (KPK), moral appeals to anti-corruption reform, such as 'love Indonesia, hate corruption' or 'jihad against corruption' attract broad coalitions for change. There are dangers with this approach that need to be considered carefully, however moral

117. (2018)

118. (Hutchison et al 2014)

119. (Rodan & Hughes 2014)

appeals to anti-corruption reform may jump-start opportunities for a more democratic anti-corruption agenda in deteriorating political conditions.

References

Abi-Habib, Maria (2018, June 25). How China Got Sri Lanka to Cough up a Port. <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>. *The New York Times*

Asian Development Bank (2014). *Cambodia: Diversifying Beyond Garments and Tourism*. <https://www.adb.org/sites/default/files/publication/149852/cambodia-diversifying-country-diagnostic-study.pdf>.

Baker, J. (2013). The Parman Economy: Post-Authoritarian Shifts in the Off-Budget Economy of Indonesia's Security Institutions *Indonesia*, 96(October), 123-150.

Baker, J. (2015). The Rhizome State: Democratizing Indonesia's Off-Budget Economy. *Critical Asian Studies*, 47(2), 309-336.

Baker, J. & Milne, S. (2015). Dirty Money States: Illicit Economies and the State in Southeast Asia. *Critical Asian Studies*, 47(2), 151-176.

Biddulph, R. (2014). Can elite corruption be a Machiavellian tool in an unruly world? The case of post-conflict Cambodia *Third World Quarterly*, 35(5), 872-887.

Boliek, B. (2016, 22 June). Cambodia moves farther away from culture of dialogue. <https://www.rfa.org/english/news/cambodia/cambodia-moves-farther-away-from-culture-of-dialogue-06222016145116.html>. *Cambodia*.

Brinkley, J. (2011). *Cambodia's Curse: Modern History of a Troubled Land* New York and Collingwood: Public Affairs Books and Black Inc

Business Monitor International. (2017). *Cambodia: Country Risk Report Q4 2017*. <https://store-admin.bmiresearch.com/index.php/cambodia-country-risk-report.html>.

Calavan, M., S. Briquets and J. O'Brien (2004). 'Cambodian corruption assessment'. Phnom Penh, Prepared for USAID Cambodia, Task Order No. 801.

Cambodian Center for Human Rights (CCHR) & Article 19. (2013). *Defending the Defenders: Security for Cambodian Human Rights Defenders*. https://cchrcambodia.org/index_old.php?url=media/media.php&p=report_detail.php&reid=92&id=5. Cambodian Center for Human Rights, Phnom Penh.

Chen, L. (2017). Who Enforces China's Anti-corruption Laws? Recent Reforms of China's Criminal Prosecution Agencies and the Chinese Communist Party's Quest for Control *International Comparative Legal Review*, 40 (2).

Chheng, N. (2018). EU parliament's 13-point vote to decide on possible sanctions. <https://www.phnompenhpost.com/national/eu-parliaments-13-point-vote-decide-possible-sanctions>. *The Phnom Penh Post*, September 13.

Craig, D. & Pak, K. (2011). Party financing of local investment projects: elite and mass patronage In C. Hughes & K. Un (Eds.), *Cambodia's economic transformation* (pp. 219-244). Copenhagen: NIAS Press

Ear, S. 2007. "The political economy of aid and governance in Cambodia". *Asian Journal of Political Science*. Vol. 15. Issue 1.

Ear, S. (2013). How Foreign Assistance Undermines Democracy *Journal of Southeast Asian Economies*, 30 (2), 230-235.

Ear, S. (2016). Combating corruption in Cambodia. *Asian Education and Development Studies*, 5(2), 159-174.

Eng, N. (2016). Decentralization in Cambodia: New Wine in Old Bottles. *Public Administration and Development*, 36(4), 250-262.

Eng, N., & Ear, S. (2016). Decentralisation Reforms in Cambodia *Journal of Southeast Asian Economies*, 33(2), 209-223.

Eng, N., & Hughes, C. (2017). Coming of age in peace, prosperity, and connectivity: Cambodia's young electorate and its impact on the ruling party's political strategies. *Critical Asian Studies*, 49(3), 396-410.

Fox, J. (2007). The uncertain relationship between transparency and accountability. *Development in Practice*, 17(4-5), 663-671.

Global Witness. (2010). *Shifting Sand: How Singapore's demand for Cambodian sand threatens ecosystems and undermines good governance*. <https://www.globalwitness.org/en/archive/shifting-sand-how-singapores-demand-cambodian-sand-threatens-ecosystems-and-undermines-good/>. Global Witness.

Global Witness. (2013). *Rubber Barons: How Vietnamese companies and international financiers are driving a land grabbing crisis in Cambodia and Laos*. <https://www.globalwitness.org/en/campaigns/land-deals/rubberbarons/>. Global Witness.

Global Witness. (2015). *The Cost of Luxury: Cambodia's illegal trade in precious wood with China*. https://www.globalwitness.org/documents/17788/the_cost_of_luxury_1.pdf. Global Witness.

Global Witness. (2016). *Hostile Takeover: The Corporate Takeover of Cambodia's Ruling Family*. <https://www.globalwitness.org/en/reports/hostile-takeover/>Global Witness.

Hadiz, V., & Robison, R. (2004). *Reorganising Power in Indonesia: the Politics of Oligarchy in an Age of Markets* Abingdon: Routledge

Hillman, Jonathon E. (2018, April 2) Game of Loans: How China Bought Hambantota. <https://www.csis.org/analysis/game-loans-how-china-bought-hambantota>. *Centre for Strategic and International Studies Briefs*.

Hughes, C. (2006a). Cambodia. *IDS Bulletin*, 37(2), 67-78.

Hughes, C. (2006b). The politics of gifts: Tradition and regimentation in contemporary Cambodia. *Journal of Southeast Asian Studies*, 37(3), 469-489.

Hughes, C., So, S., Ariadharma, E., & Leah, A. (2017). *Change Management that Works: Making Impacts in Challenging Environments*. <http://documents.worldbank.org/curated/en/965071512568885187/Change-management-that-works-making-impacts-in-challenging-environments>. The World Bank. Washington D.C.

Hughes, C., & Un, K. (Eds.). (2011). *Cambodia's Economic Transformation* Copenhagen NIAS Press

Human Rights Watch. (2017 12 June). Cambodia: Commune Elections Not Free or Fair. <https://www.hrw.org/news/2017/06/12/cambodia-commune-elections-not-free-or-fair>. HRW.

Hutchison, J., Hout, W., Hughes, C., & Robison, R. (2014). *Political Economy and the Aid Industry in Asia* Houndmills, Basingstoke, Hampshire ; New York: Palgrave McMillan.

Johnsøn, J., N. Taxell, D. Zaum. 2012. *Mapping evidence gaps in anti-corruption: Assessing the state of operationally relevant evidence on donors' actions and approaches to reducing corruption*. <https://www.u4.no/publications/mapping-evidence-gaps-in-anti-corruption-assessing-the-state-of-the-operationally-relevant-evidence-on-donors-actions-and-approaches-to-reducing-corruption/>. U4 Issue No. 7/2012. Chr. Michelsen Institute. Bergen.

Kijewski, L., & Koemsoeun, S. (2017, 25 July). Migrant worker protection 'lacking', reports find. <https://www.phnompenhpost.com/national/migrant-worker-protections-lacking-reports-find>.

Le Billon, P. (2000). The Political Ecology of Transition in Cambodia 1989–1999: War, Peace and Forest Exploitation. *Development and Change* 31(4): 785-805.

Levitsky, S., & Way, L. A. (2002). The rise of competitive authoritarianism. *Journal of Democracy*, 13(2), 51-65.

Lilja, M. (2010). Discourses of Hybrid Democracy: The Case of Cambodia. *Asian Journal of Political Science*, 18(3), 289-309.

Linz, J. J. (2000). *Totalitarian and Authoritarian Regimes* Boulder Lynne Rienr Publishers

Marschke, M. (2012). *Life, Fish and Mangroves: Resource governance in coastal Cambodia* Ottawa: University of Ottawa Press.

Milne, S. (2015). Cambodia's Unofficial Regime of Extraction: Illicit Logging in the Shadow of Transnational Governance and Investment. *Critical Asian Studies*, 47(2), 200-228.

Milne, S., & Mahanty, S. (2015). The Political ecology of Cambodia's transformation. In S. Milne & S. Mahanty (Eds.), *Conservation and Development in Cambodia: exploring frontiers of change in nature, state and society* (pp. 177-200). London & New York: Routledge

Mol, D. (2017). *Cambodia: anti-corruption*. <https://globalinvestigationsreview.com/insight/the-asia-pacific-investigations-review-2018/1147513/cambodia-anti-corruption>. The Asia Pacific Investigations Review 2018, 21 September.

Morgenbesser, L. (2017). Misclassification on the Mekong: the origins of Hun Sen's personalist dictatorship. *Democratization*, 25(2), 191-208.

Quah, J. S. T. (2016). Combating corruption in six Asian countries: a comparative analysis. *Asian Education and Development Studies*, 5(2), 244-262.

Rahman, K. 2016. *Cambodia: Overview of corruption and anti-corruption*. <https://www.u4.no/publications/cambodia-overview-of-corruption-and-anti-corruption>. U4 Helpdesk Expert Answer. No. 10/2016. Chr. Michelsen Institute. Bergen.

Reynolds, C. (2011) Autocratic Rule in Thailand and Its Neighbours. Outsider view lecture at Chiang Mai University, August 3.

Robison, R., Hewison, K., & Rodan, G. (1993). Political Power in Industrialising Capitalist Societies: Theoretical Approaches In K. Hewison, R. Robison, & G. Rodan (Eds.), *Southeast Asia in the 1990s: Authoritarian, Democracy and Capitalism* (pp. 9-38): Allen and Unwin

Rodan, G. (2018). *Participation without Democracy: Containing conflict in Southeast Asia* Ithaca and London: Cornell University Press

Rodan, G., & Hughes, C. (2014). *The Politics of Accountability in Southeast Asia: The Dominance of Moral Ideologies* Oxford Oxford University Press.

- Sarom, K. (2017). Chea Sim bodyguard appeals sentence. <https://www.phnompenhpost.com/national/chea-sim-bodyguard-appeals-sentence> *The Phnom Penh Post*, 3 October.
- Shoenberger, L., Beban, A., & Lamb V. (2018). Authoritarian Rule Shedding its Populist Skin: How loss of independent media in the 2017 crackdown shapes rural politics in Cambodia. Conference paper no. 70 presented at ERPI 2018 International Conference - Authoritarian Populism and the Rural World. The Hague.
- Smith, Jeff M. (2016, November 18). China and Sri Lanka: Between a Dream and a Nightmare. <https://thediplomat.com/2016/11/china-and-sri-lanka-between-a-dream-and-a-nightmare/>. *The Diplomat*.
- So, S., Fukao, T., Craig, R., & Neak, S. (2017). *Cambodia Education Sector: Public Expenditure Tracking and Quality of Service Delivery Survey* Phnom Penh.
- So, S., Sedara, K., & Williams, A. (2010). *Dialogue Dynamics, Programming Challenges: Donor Approaches to Anti-Corruption and Integrity Reform in Cambodia, 2004-2009*. http://ticambodia.org/library/wp-content/files_mf/14374694632010_DonorApproaches_EN.pdf U4 Background Paper. Chr. Michelsen Institute, Bergen.
- Soeung, S. (2016). Cambodia in 2015: Accommodating Generational Change *Southeast Asian Affairs, Project Muse*, 109-127.
- Sokhean, B., Dara, M., & Baliga, A. (2017). Death of democracy: CNRP dissolved by Supreme Court ruling. <https://www.phnompenhpost.com/national-post-depth-politics/death-democracy-cnrp-dissolved-supreme-court-ruling>, *The Phnom Penh Post*, 17 November.
- Sokhean, B., & Willemyns, A. (2016). UN, Adhoc staff summoned in mistress case. <https://www.cambodiadaily.com/news/un-adhoc-staff-summoned-mistress-case-111741/>, *The Cambodia Daily*, April 26.
- Som, B. (2017) *Working Together for Good Governance: The Role of NGOs in Corruption Prevention in the Cambodian Public Sector*. PhD thesis, Curtin University.

Springer, S. (2010). *Cambodia's Neoliberal Order: Violence, authoritarianism and the contestation of public space*. Abingdon, Oxon: Routledge

Strangio, S. (2014). *Hun Sen's Cambodia* New Haven Yale University Press

Strangio, S. (2017 November 17). Argument: Cambodia becomes the world's newest one party state. <https://foreignpolicy.com/2017/11/17/cambodia-becomes-the-worlds-newest-one-party-state-china-democracy-dictators/> *Foreign Policy*.

Sullivan, M. (2016). *Cambodia Votes: Democracy, Authority and International Support for Elections 1993-2013*. Copenhagen NIAS Press.

Supporting Democracy and Human Rights in Cambodia: Hearings before the House Foreign Affairs Committee, Asia and the Pacific Subcommittee, Senate, 115th Cong.(2017).

The Cambodia Daily. (2011, 10 August). Defiance greets World Bank funding freeze. <https://www.cambodiadaily.com/news/defiance-greets-world-banks-funding-freeze-102368/>, *The Cambodia Daily*.

Transparency International (2014). Corruption and Cambodia's governance system: The need for reform. <https://dfat.gov.au/about-us/publications/Documents/cambodia-transparency-international-corruption-and-cambodias-governance-system-2014.pdf>. *National Integrity System Assessment*, with funding from SIDA and DfAT.

Transparency International Cambodia. (2018). *Accountability and Transparency of Budget Processes: National Survey*. http://ticambodia.org/library/wp-content/files_mf/1526534245FullreportonAccountabililtyandTransparencyofBudgetProcess.pdf. Transparency Interational Cambodia, Phnom Penh.

Un, K. (2012). "Cambodia in 2011: A Thin Veneer of Change". *Asian Survey*, 52(1), 202-209.

Un, K. (2013). "Cambodia in 2012: Towards developmental authoritarianism?" *Southeast Asian Affairs*. Vol. 2013. pp 71-86.

Var, Veasna., & Po, Sovinda. (2017, March 18). Cambodia, Sri Lanka and the China debt trap. <http://www.eastasiaforum.org/2017/03/18/cambodia-sri-lanka-and-the-china-debt-trap/>. *East Asia Forum*.

Verver, M., & Dahles, H. (2014). The institutionalisation of Oknha: Cambodian entrepreneurship at the interface of business and politics *Journal of Contemporary Asia*, 45(1), 48-70.

Warr, P., & Menon, J. (2016). Cambodia's Special Economic Zones. *Journal of Southeast Asian Economies*, 33(3), 273-290.

Wedeman, A. (2012). *Double Paradox: Rapid Growth and Rising Corruption in China* Ithaca: Cornell University Press.

Willemys, A. (2015, October 26). CNRP lawmakers beaten outside national assembly. <https://www.cambodiadaily.com/news/cnrp-lawmakers-beaten-outside-national-assembly-98320/> *The Cambodia Daily*.

Work C., Rong V., Song D. and Scheidel A. 2018. Maladaptation and development as usual? Investigating climate change mitigation and adaptation projects in Cambodia. *Climate Policy*.

Zhu, Jiangnan., Huang Huang. and Zhang, Dong. 2017. "Big Tigers, Big Data": Learning Social Reactions to China's Anticorruption Campaign through Online Feedback. *Public Administration Review*.