



ភាពជាដៃគូរបស់វិទ្យាស្ថានអន្តរជាតិ
NGO EDUCATION PARTNERSHIP

FINANCIAL DISBURSEMENT FOR COMMUNITY LEARNING CENTRES

Case Studies in Five Provinces in Cambodia
June 2015



Funded by



List of abbreviations

CLC	:	Community Learning Centre
DoE	:	Department of Education
DNFE	:	Department of Non-formal Education
FGD	:	Focus Group Discussion
NEP	:	NGO Education Partnership
NFE	:	Non-formal Education
PoE	:	Provincial Office of Education
STs	:	Skills Teachers
UNESCO	:	United Nations Educational, Scientific and Cultural Organization

Acknowledgements

NGO Education Partnership (NEP) would like to express its sincere thanks to the Director of the Department of Non-Formal Education, provincial education officers, district office of education officers, managers of community learning centres, skill teachers and chiefs of provincial treasuries who have devoted their valuable time to provide relevant information to this research. Special thanks go to Mr. Chan Tola, the consultant who has closely worked with NEP to lead this research in the field and to produce the draft report for NEP and UNESCO. NEP appreciates the NEP team—Mrs. Ang Sopha, research coordinator, Mr. Lay Vutha, NFE Coordinator, Mrs Song Kunthea, Education and Member Services Coordinator and Ms. Chhum Syrom, Research Officer, who actively led data collection in the studied provinces. Staff of UNESCO Office in Phnom Penh-- Mr. Ros Soveacha, EFA Coordinator and Mr. Yinsieng Someth, National Programme Officer, and staff of NEP-- Mr. Pich Nipun, Campaign and Advocacy Coordinator and Mr. Colin Anderson, Advocacy and Donor Relations Advisor actively participated in providing input to data collection methods and tools as well as data collection training. NEP is also grateful to all data collectors who have actively gathered information from the field.

Particular thanks to UNESCO and MISEREOR for their financial support to make this study happen.

Financial Disbursement for Community Learning Centres (CLC) in Cambodia

Contents

I.	Introduction	5
II.	Objective of the study.....	7
III.	Research Method.....	8
IV.	Findings	11
	Observations of the CLC physical environment.....	11
	A: Budget Planning.....	13
	Community Learning Centre Manager role	13
	District Office of Education role.....	15
	Provincial Office of Education role	16
	Issues in budget planning	17
	B: Budget allocation	18
	DNFE budget allocation to provinces	18
	PoE budget allocation to DoE and CLC	19
	Reasons for budget reallocation	20
	C: Budget disbursement.....	21
	Budget disbursement process and hierarchy	21
	Actual disbursement versus approved budget.....	24
	Provision of materials versus provision of cash budget	24
	Timeliness and frequency of financial disbursement	26
	Impacts of late disbursement and late salary payments.....	28
	Reasons for delayed financial disbursement.....	29
	CLC Managers satisfaction with disbursement processes and suggestions for improvement	30
V.	Conclusions	33
VI.	Recommendations	35

I. Introduction

Community Learning Centres (CLCs)

Community Learning Centres are institutions established within a community for the purpose of providing training and education. In addition, they serve as an information centre for the local people to access different information about training and local services. CLCs are intended to reflect community needs in providing a range of non-formal education services. CLCs are provided by the Ministry of Education, Youth and Sport but also by the Ministry of Labour and Vocational Training, and by the Ministry of Women's Affairs.

Based on the Education Congress Report 2014, there were 347 education sector CLCs in Cambodia, 23 of which were implemented by NGOs and 324 of which were operated by MoEYS. 337 of these were reported to be operational in 2014 with a total of 671 skill-training classes. The total program enrolment was 9916 learners (Female 63%), and 85.9% of the total learners were reported to have completed programs.

The MoEYS Department of Non-Formal Education set out the annual CLC budget allocation for 2014 in a document entitled *“Programme Budget Implementation and Allocation for NFE programmes”* issued in December 2013. This gave a total national implementation budget of **2,859m riel**, roughly \$714,825. Of that, 95% (2,719m riel) was identified to be spent at a provincial level in direct funding for existing CLCs, equivalent to 8.4m riel or \$2,098 for each CLC if split equally amongst the 234 centres. This budget is identified as being for equipment, materials, and for paying skills teachers. The 5% of the budget allocated to the national level included the costs of sub-national capacity building training of CLC managers.

UNESCO has been supporting the literacy and Non-Formal Education sector in Cambodia since 1994. UNESCO's Capacity Development for Education for All (CapEFA) program has begun since 2003 and funded by six countries: Denmark, Finland, Italy, Norway, Sweden, and Switzerland. To implement the program, Cambodia has been selected as one of more than 20 priority countries. In 2010, under the CapEFA program, the Department of Non-Formal Education (DNFE) of the Ministry of Education, Youth and Sport (MoEYS) conducted an internal capacity assessment, and the UNESCO Office in Phnom Penh conducted an external capacity assessment. The assessment provides a comprehensive review of the non-formal education sub-sector, showing limited capacity of DNFE within five dimensions: leadership, harmonization and partnerships; institutional capacity; organizational capacity; quality and equity; knowledge generation. Based on the assessment results, CapEFA program of the UNESCO Office in Phnom Penh has been supporting the DNFE to strengthen and mainstream literacy and non-formal education in the education sector-wide planning of the MoEYS. The CapEFA program is designed in line with the MoEYS's Education Strategic Plan (ESP) 2009-2013, ESP 2014-2018, and Annual Operation Plan (AOP), in which UNESCO and other development partners have been providing technical support to the Ministry and Non-Formal Education.

UNESCO has supported the Ministry of Education, Youth, and Sport to revise the Manual for Management of CLC. To provide non-formal education and lifelong learning services, the

manual aims to better guide the CLC Management Committee, CLC Support Committee, DoEs, and PoEs. The CLC network also provides literacy classes for primary school dropouts, illiterates, and neo-literates. National policy recognizes that gradually the role of the CLC needs to be more diversified reflecting the multiple needs of community.

Public Financial Reform

The government of Cambodia has made substantial progress in public expenditure policy after embarking on a Public Financial Management Reform Program (PFMRP) in 2004 (Work Bank, 2011). For instance, there has been a successful elimination of payment arrears since 2007, and an improvement in end-quarter disbursements (MEF, 2009). Disbursement rate has significantly increased (60% to 90%) as well according to MEF. The government reforms includes strengthened budget formulation and execution processes, improved revenue performance and revenue forecasting, harmonized budget classification and chart of accounts, better cash management, and the introduction of a mid-year budget review process. MEF has also worked to strengthen and expanding the use of commercial banks for government transactions, for example for teacher salaries in formal education institutions. According to the Integrated Fiduciary Assessment and Public Expenditure Review (IFAPER), the recent relocation of Cash Management Unit to the General Department of the National Treasury (GDNT) has helped enhanced cash management; therefore, ensuring greater reliability and availability of financial resources (Work Bank, 2011). However, the reform has reportedly been hampered by deficient technical skills and weak capacity, requiring ongoing capacity building efforts. For instance, budget execution still suffers from delays and an unpredictable release of funds. The financial disbursement delays impacts most sectors including non-formal education sector.

CLC Management Guidelines

The "CLC Guideline" is the CLC management and operation manual released in a revised version in 2014 for national and sub-national offices to follow. The guideline includes detail on financial management and disbursement. As stated in the Guideline, the PoE must facilitate and disburse the budget to DoE based on the actual number of active CLCs in each District. Then the DoE must verify and disburse the budget to each CLC in their districts (CLC guidelines, 2014).

CLC operations are overseen by a CLC manager in the local community. For the most part, these managers are existing public servants with other roles; frequently as a School Director of a local school. It was reported to us that there is no additional salary paid to civil servants that take on these roles.

II. Objective of the study

In their operations, CLCs may encounter various challenges that hinder them in providing a quality service to the community. One of the possible challenges is poor financial disbursement. The practice of the financial disbursement process and the expectations of the CLC guidelines are possibly inconsistent. Despite having CLC guidelines on leadership and management, it is still a concern that the challenges may remain. Therefore, it is important to investigate CLC financial disbursement and it may further provide recommendations for future activity.

This study aims to investigate the financial disbursement process for Community Learning Centres (CLC) overseen by the Department of Non Formal Education (DNFE) in order to identify any issues, challenges, and make recommendations. To meet the objective, the study employed three research questions:

- 1. What are the current practices of CLC budget planning and financial disbursement?*
- 2. What are the issues CLC/DoE/PoE/DNFE face throughout the financial disbursement process and how do those issues impact on CLCs?*
- 3. What do CLC/DoE/PoE/DNFE representatives think should be changed or should be done to make the financial disbursement more efficient?*

III. Research Method

The study involves in identifying the issues emerging within the operation of a programme. Therefore, a qualitative research method was used in this study. The data was analysed using a thematic approach that placed emerging themes into different categories. To obtain the data that answered the research questions different research tools were designed and piloted. Structured-interview and Focus Group Discussion (FGD) tools were designed and used in the data collection process. There were different versions of the tools for different types of respondents.

The data was collected in 5 provinces that represent different geographical areas of Cambodia—bordering, lowland and ethnic minority areas - with consideration of medium and low income provinces. In the report, the provinces are referred to by number rather than by name to preserve anonymity of respondents.



Figure 1: Map of the study area

Sampling

In each province, except Siem Ream province where the total number of CLC is only 3, 5 Community Learning Centres, were selected by the NEP research team and the consultant from the list of all CLCs in each province. This selection was purposeful to ensure coverage of both remote CLCs and close-to-provincial town CLCs. Key informants in the study are included in the below table. CLC Managers were invited to participate in the study at each Centre, following by a Focus Group Discussion with CLC teachers from each Centre. In each province, data collectors interviewed the provincial NFE director (PoE), the responsible member of staff from the District office of Education (DoE) and a provincial treasury director. The study also involved data

collection at the national level – the DNFE and national documentation. To ensure confidentiality the targeted provinces' name is changed in this report to Province1, Province2, Province3, Province4 and Province5. Districts, CLC Manager or Accountant interviews, and Focus Group Discussions are also numbered, with the first number relating to their Province – ie. DoE 1.1, CLC 2.3.

This table shows the sampling used in this study which includes the tools and the total number of participants.

Research activities	Preah Vihear	Rattanakiri	Banteay Meanchey	Siem Reap	Kandal	# of participants
FGD with CLC skill trainers	2	3	2	1	2	10 FGDs with a total of 34 Skill Teacher
CLC accountant/ Manager	4	4	5	3	5	21 CLC Managers or Accountants
PoE	1	1	1	1	1	5 POEs
DoE	2	3	2	2	2	11 DOEs
Provincial Treasury		1	1		1	3 Treasury
Total number of participants						74 participants

Table 1: sample size

Data collecting, training and piloting

The study used 10 data collectors, a pair of whom went to each province. The data collection occurred between 18th and 22nd November 2014. To ensure quality data collection, all recruited data collectors were required to attend a three-day data collection training (2-3 November), facilitated and instructed by NEP research team, UNESCO team, and the NEP consultant. The data collection tools were then piloted in Kandal province. A feedback meeting was conducted on the same day to revise the tools and to feed back to data collectors to improve their interview and note taking.

Ethics

To assure the confidentiality of the participants, the study used coding to represent the name of the provinces, districts, CLCs and Vocational teachers. In addition, each participant was asked to listen to the data collector's reading a consent statement and to confirm their consent

before the interview proceeded. They were also informed about the objective of the study, the confidentiality and their right to give or withhold the information.

Scope and limitations

The study intended to interview five CLCs in each province; however, only 21 CLCs were reached for interview and the other four were not reachable due to unavailability of CLC Managers and limited access to the village caused by bad roads.

IV. Findings

This section first gives some general observations, and then moves on to specific findings related to financial disbursement.

Observations of the CLC physical environment

Visits to CLCs in these five provinces found that the physical building and infrastructure was relatively poor, and in some CLCs very poor. Machines and equipment were found in disrepair in some CLCs. Whilst an assessment of the learning environment was not the aim of this study, this is important context for understanding CLC operations.

During visits to CLCs, observations of the physical environment were recorded systematically by each data collector. It is worth noting that the visit and observation was conducted in late November when many CLCs had already finished their classes for the year. The observation notes give some general findings about CLC infrastructure as follows.

Classroom condition: The majority of the centres had some chairs and tables for learners. However, the furniture was not considered well-arranged or clean. About 50% of the centres were less presentable as a classroom. For example, at CLC1.4, inside the Centre appeared a few old tables covered with thick dust on the top. The centre looked abandoned. There was a difference for province 5, in which all CLCs were seen to be well-organized with clean and well-arranged chairs, tables, and whiteboard.

Materials (in particular machines): The CLCs in all visited provinces had limited or broken materials and teaching resources. For instance, there were 10 sewing machines in average in each CLC; however, only a very few of them were in good condition. In CLC1.1 and CLC 1.2, none of sewing machines were functioning. Similarly, CLCs that ran haircut training classes didn't have enough tools (scissors, barber chair...) for trainees to practice. For example, in CLCs of Province 1 the barber chairs were broken and unusable.

Vocational teachers and learners: Most of the centres had finished their classes before the visit. Therefore, learners' presence was generally limited. However in CLC3.1, 12 learners were seen at the Centre. In CLC3.3, 25 learners were present. In CLC3.4, 15 learners and a teacher (tailor) were at the Centre, along with a music teacher and 4 learners as well. There were more groups of learners in CLC5.3 - 3 teachers seen, along with 14 beauty class learners, 15 haircut class learners, and 11 tailor class learners.

The chart below shows the number of CLCs visited, and that most of them had already finished their courses. Therefore, teaching and learning activities were not taking place at the time of visit.

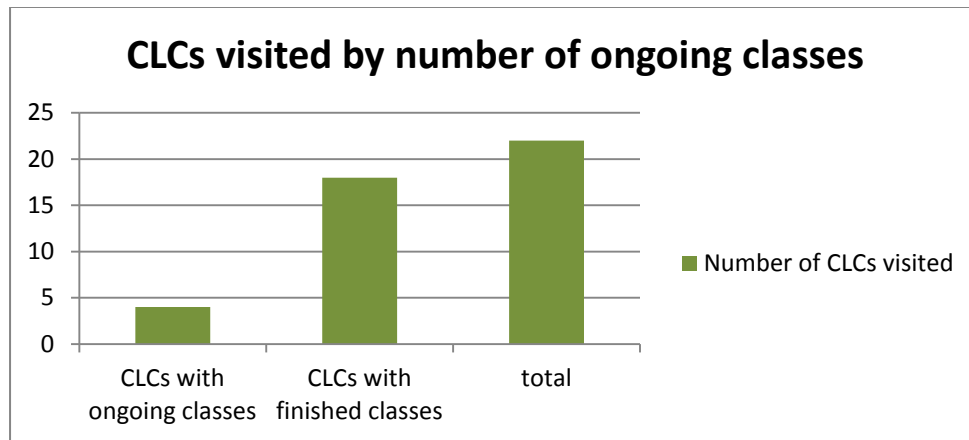


Figure 2: numbers of CLCs visited, finished and ongoing CLC classes

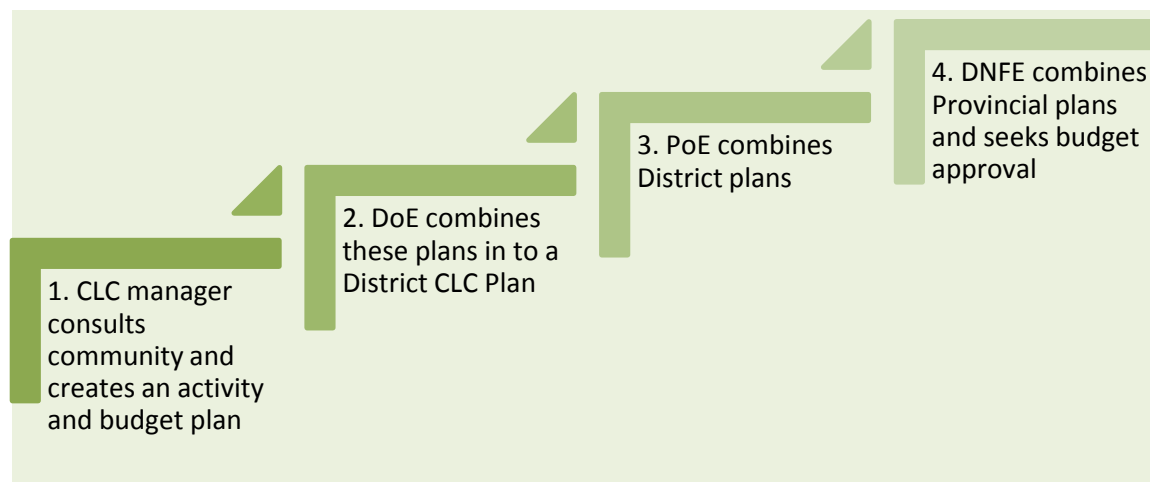
The observation of classrooms, materials, Skills Teachers and learners contributes to the understanding of budget issues that we will develop later in this report; in particular potential impacts of financial disbursement delay.

A: Budget Planning

A bottom-up activity and planning process is included in the national CLC Guidelines and training has been provided to those involved at grassroots, District, and Provincial level to make plans and budgets. However we found very little evidence that bottom-up budget planning is common. Consequently CLC Managers mostly waited for financial disbursement and instruction from PoE or DoE to make activity plans.

Planning expectations are included in the CLC Guidelines. CLCs, the DoE, the PoE and the DNFE are required to prepare, consolidate, and submit plans respectively in a bottom-up way. According to the Guidelines, CLC Managers have to be involved in the planning process by identifying training courses needed by community, and then submitting the activities plan or budget plan to DoE. Almost all CLC Managers confirmed that they had received training in needs assessment, activity, and budget planning. Since the centres aim at providing training or information needed by their community, guidance stipulates that the planning should involve the community (for example the CLC committee, vocational teachers, and potential learners). These requests are meant to be combined by DoE and PoE for submission to the national DNFE. This process is illustrated in the diagram below.

Illustration of the budget planning model: a bottom up approach



Community Learning Centre Manager role

The participation of CLC managers in budget planning was found to be limited. Only 4 out of 21 interviewed CLC managers said that had sent their planned budget to the DoE, following a request. The other 17 CLC managers frequently reported that they were not told by the DoE to submit the plan on paper. In three provinces, no CLCs reported submitting a budget plan. In two provinces, CLC managers reported submitting an activity plan but no budget, and in one province neither budget nor activity plans were submitted.

Overall, 76% (16) CLCs submitted neither a budget or activity plan, although some of these reported verbally providing information to DoE or PoE about their CLCs (i.e. the number of classes they wish to have, the number of STs) when asked through phone call or face-to-face.

	CLCs that submitted activity plan	CLCs that submitted budget plan	Did not submit activity/budget plan
Province 1	25%	0%	75%
Province 2	0%	25%	75%
Province 3	0%	40%	60%
Province 4	33%	0%	67%
Province 5	0%	0%	100%

Table 2: Budget and Activity plans submitted to PoE

It is notable that CLCs in Province 1, where most had not submitted a plan for 2014, said that they had been asked by the DoE to submit a budget plan for 2015, potentially indicating improving practice.

Most CLC managers could not explain why they were not included in the budget planning. Two CLC managers said that they had been asked for, but failed to prepare a budget for 2014 due to the workload in their main jobs – for example being a School Director – taking priority. In addition, two CLC managers mentioned that the DoE or PoE worked directly with Skills Teachers to plan the budget.

CLC1.2 “I never do the planning, and the Ministry did not inform me about the budget, I just let the PoE do the planning (for my CLC)...”

One CLC manager mentioned that they felt their main role in CLC implementation was recruiting skill teachers and did not consider budget planning as a large part of their role. It should be noted that many CLC managers were school directors or deputy directors of primary schools or lower secondary schools where CLCs are located. They were reportedly not receiving any monetary benefit from their additional work on CLCs.

When asked about their confidence in preparing a CLC plan, 90% of CLC Managers said that they were confident to do it well if the DoE or PoE required them to. 90% reported participating in training events or workshops on CLC management and planning run by MoEYS.

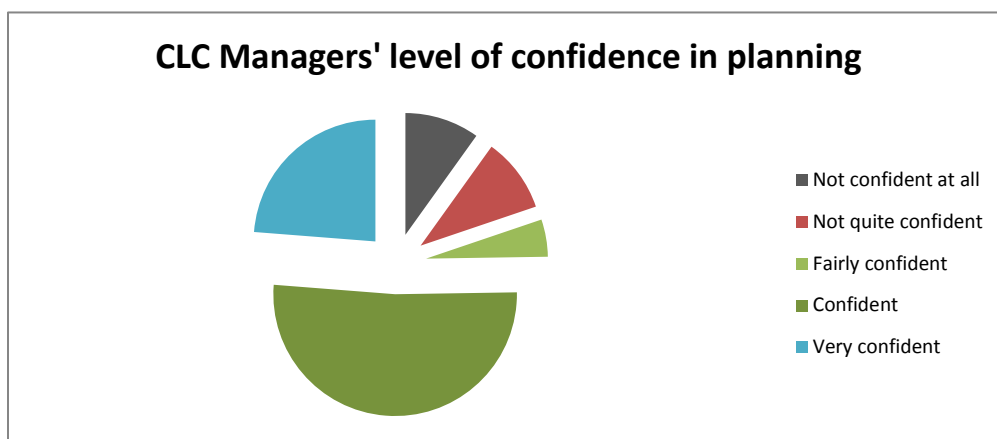


Figure 3: CLC Managers confidence in budget planning

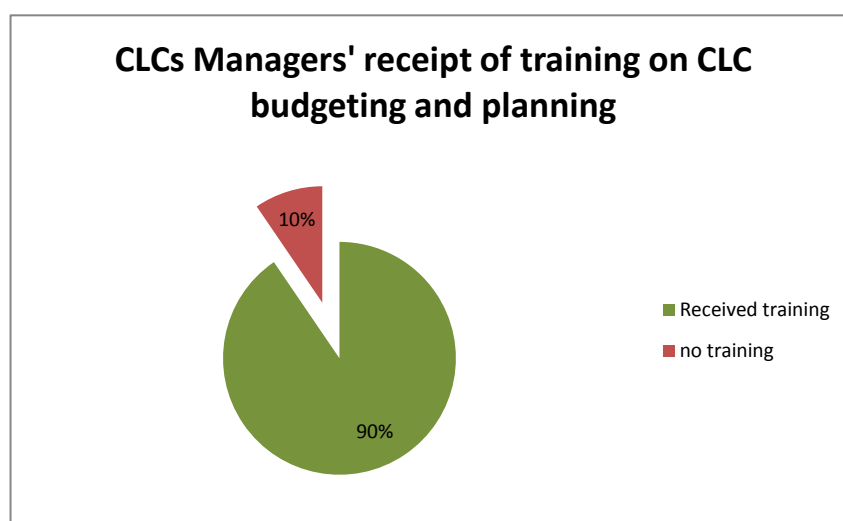


Figure 4: CLC Managers' receipt of training in budget and activity planning

District Office of Education role

Interestingly, while most CLCs said that they never prepared a plan, six out of eleven DoEs reported that they have received plans from CLCs and had reviewed and consolidated those plans before passing on to PoEs. It is possible that these comments refer to phone calls rather than formal or written planning. Nevertheless this means that a large number of the DoEs reported constructing the budget plan themselves rather than following a bottom up process started by CLCs.

The DoE role in the process is then to create a combined plan for their District. In interviews, 8 out of 11 respondents from DoE said that they had prepared budget planning and sent to their PoE.

CLC planning submitted	budget	DoE1		DoE 2		DoE 3	
		Yes	No	Yes	No	Yes	No
Province 1			✓	✓			
Province 2	✓			✓			✓
Province 3	✓			✓			
Province 4			✓	✓			
Province 5	✓			✓			

Table 3: Budget planning prepared by DoE

3 rural DoEs said budget planning for their Districts were prepared by their respective PoEs and they were not requested to make a plan. They were aware that the PoE was making direct contact with CLC Managers or Skills Teachers for information. One DoE mentioned some difficulties in preparing the budget due to the lack of information on the approximate funds available, making planning difficult. Another DoE mentioned that there was no budget plan request from the PoE, no training on budget planning provided, and no planning format was shared, although this contradicts reports from others and material within the CLC Management Guidance.

Some DoEs reported attending a planning meeting organized by the PoE to discuss the Provincial plan.

DoE3.1 “I have the plans sent from CLCs, I reviewed and submitted them to PoE”

DoE1.1 “I never had to submit the plan. PoE directly asked CLCs about their needs, and they planned for them. I didn’t even know when they need a plan.”

Similar to CLC Managers, DoEs who didn’t report a role in planning for 2014 said that if PoEs required them to submit the annual budget plan, they were confident to do so as they had received some relevant training specifically on CLC management.

Provincial Office of Education role

The interviews with five representatives from PoEs at the studied provinces confirmed that the PoE felt a responsibility for coordinating and consolidating planned budget and activities from all districts in their respective provinces. The accountant at PoE level was responsible for consolidating a planned budget using a format produced by DNFE of MoEYS at a central level.

Three interviewed PoEs said that some of their DoEs did not send them their planned budget and activities. 4 out of 5 provinces reported that they did most of the work of preparing the plan because of the lack of detail provided from DoEs or CLCs. Before working on the detailed budget, some PoEs organized planning meetings with DoEs and CLCs to identify their priorities and needs. In some cases, PoEs confirmed that they called to STs directly to ask about their prospective new courses and materials needed.

PoE1 "I never received budget plan from DoEs. I only received requests for materials submitted by STs."

PoE5 "I never received budget plan from CLCs or DoEs because this budget plan is generally prepared from the top levels. If we ask the lower levels to prepare the plan, we will never meet their demand."

Regardless of how the CLC budget plans were prepared at the CLC, district or provincial level, at DNFE level the plans were reviewed and merged into one package for agreement within MoEYS and submission to MEF as part of the MoEYS budget.

Issues in budget planning

The bottom up budget planning process set out in the CLC Guidelines did not seem to be working in practice in the provinces we studied. The drivers for this were either a lack of response to requests for information from local CLCs or Districts, or a preference from PoEs to undertake the planning role, depending on the perspectives of interviewees.

PoE interviews reported that given the level of response from CLCs and DoEs centralized planning was the most efficient model, and made up for gaps in information provision at a local level. Furthermore, PoEs reported that locally generated plans were not likely to be realistic or affordable in terms of the available budget. This is notable given that there is a notional national formula setting out a level of funding per CLC. It can be inferred that either plans that were created at a local level did not take account of this formula, or that PoE officials did not believe that this formula would be applied when they actually received their budget allocations.

Training has been delivered to CLCs Managers and DoE officials that includes budget and activity planning for CLCs, but these skills have not been utilised in most CLCs. There was identified good practice in one province, where a planning conference was used to overcome the perceived difficulty in getting information from local areas.

B: Budget allocation

Although there is theoretically a national formula for CLC funding, actual allocation of budget differed from this formula in 2014. Furthermore, we found a wide-spread lack of awareness of the budget eventually allocated to CLCs at District and CLC level. This impedes attempts at community accountability and transparency. It also illustrates that CLCs were usually not in charge of their own budgets.

DNFE budget allocation to provinces

PoEs submit their combined activity and budget plans to the central Department of Non-Formal Education (DNFE). Once this has been submitted and a confirmed budget approved by MEF and then MoEYS, the DNFE is responsible for allocating the available budget to Provinces based on the number of CLCs and their activity plans.

In December 2013 the DNFE issued a document called '*Programme Budget 2014 Implementation and Allocation for NFE programmes*'. This document includes reference to Inter-Ministerial Prakas 508¹ which gives guidance that each individual CLC should receive 10m riel annually. A separate table in the document sets out the budget for programme expenditure in 2014 by NFE sub-programmes (p.16)². The text in this table suggests an allocation of roughly 9.1m riel per CLC, which differs from Prakas 508. The total budget associated with this expenditure line is 2,719m riel, which would equate to 8.4m riel per CLC (\$2,098). The text and the overall budget do not match in the table, and they do not match the Prakas, which may give us some insight in to the complexities of budget allocation and processes.

This is likely to be a result of negotiations both within MoEYS and between MoEYS and the Ministry of Economics and Finance when allocating the final budget for the year. It is our assumption that the overall budget was reduced from what was originally requested, and re-allocation was necessary within NFE programmes, but that the formula stated in the text was not updated.

This is an understandable error, but may have caused some confusion at a local level. The programme budget allocation document presents provincial NFE budgets by chapter and sub-account (ie. the type of expenditure) rather than on a programme basis. It seems reasonable that PoE may feel there is flexibility within this structure, or may not be clear exactly what should be spent on CLCs without completing further calculations themselves.

Four out of five interviewed PoEs mentioned that their approved budget was less than the amount that they requested. When they were asked who was involved in budget revision, in most of the cases the DNFE at the central level was reported to have the authority to decide the amount of money each province should receive based on the national approved budget. Because the budget guidance available does not give provincial allocations by programmes, but

¹ Expenditure Principles for Programme Budget Implementation in the Ministry of Education (20th May 2013)

² Dated 9th September 2013 for the following year

by expenditure type, it is not possible to examine whether different provinces substantially different amounts for their CLC programmes.

4 Provinces reported that the final budget allocation was at least 50% lower than had been requested or expected. The one PoE that reported that they had got an approved budget to the same value as their request said that they followed MoEYS's instructions that proposed new budgets were not more than 5% of the last's year budget. This might indicate that other Provinces did not follow this guidance, but this is difficult to substantiate as evidence of budget requests was not shared with researchers.

PoE budget allocation to DoE and CLC

Two provinces of the five reported that they allocated their CLC budget to each CLC according to the national funding formula. The other three provinces reported making adjustments depending on their view of local needs and available Skills Teachers so that different CLCs received different amounts. As we will note later, providing materials and equipment bought in bulk to CLCs (rather than a cash budget) was common, and therefore some Provinces could not establish how much funding had been spent on individual CLCs.

PoE officers reported that they needed to reduce or shorten the courses planned to meet the new budget, and made decisions either about what individual Districts would receive or the activities allowed in individual CLCs. Following a bottom-up planning process from PoE level, a top-down process was used to make new plans based on the available budget.

The interviewed PoEs and DoEs in three provinces mentioned making decisions to reduce the number of courses or activities such as meetings, reducing the length of training courses, or changing the number of participants in order to adapt to the budget allocated. One DoE reported that needs had changed in the community so they revised the activity plan at this point to fit within the available budget.

According to one PoE, after budget approval the DNFE sent PoEs the Approved Budget Plan Books. The PoE then distributed the books to DoEs and CLCs at the Annual Provincial Reporting Meeting. However, none of the DoEs and CLCs mentioned receiving this information.

70% of DoEs were aware of the budget approved for their district and were able to report this figure. The other 30% of them said that they were not unaware of the overall budget or were unclear.

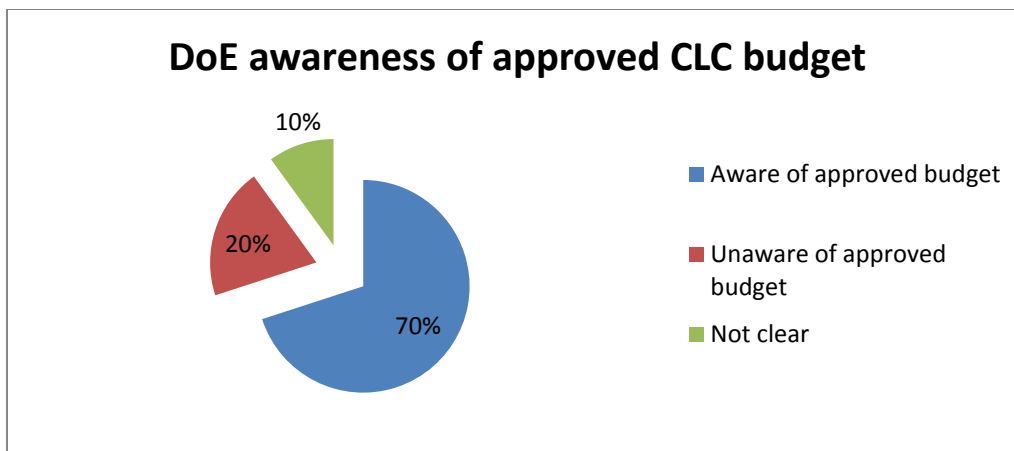


Figure 5: Awareness of approved budget for CLC among DoEs.

Conversely, 71% of CLC Managers reported that they didn't know the amount of the budget approved for their CLC in the year. In two provinces, no managers were aware of the budget allocated. This is easier to understand in light of previous comments about the part-time nature of, and different understandings of the role of, CLC Managers. Many reported that they had not sought out the budget information as they did not ultimately control spending.

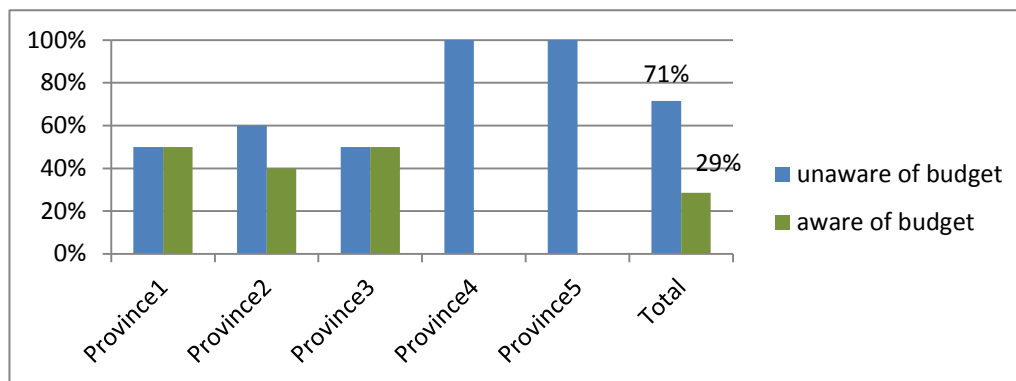


Figure 6: the awareness of 2014 budget among CLC Managers

Reasons for budget reallocation

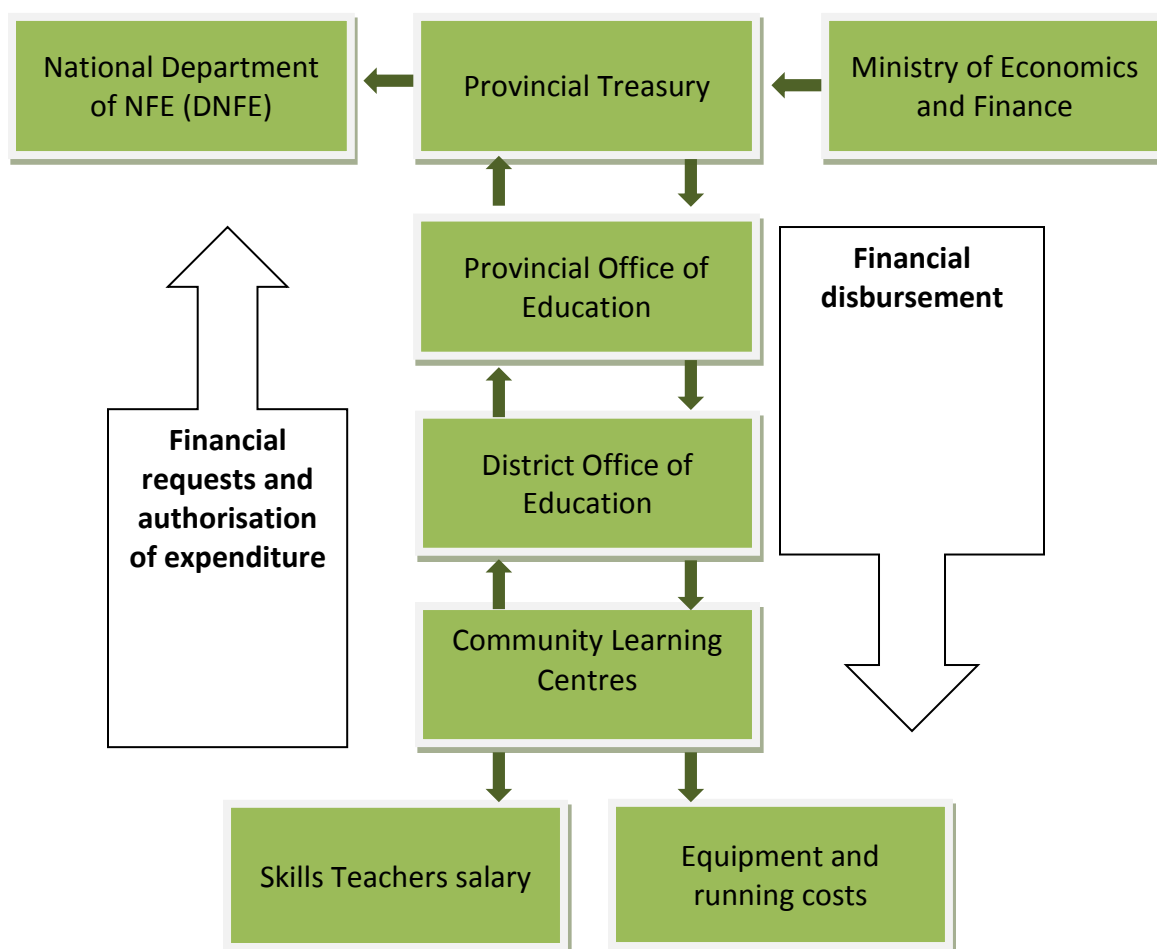
PoE as well as DoE participants reported they had to prioritize the NFE programmes as not all programmes or CLCs would receive budget at the same time or the same amount. Consequently, budget reallocation was practiced and this resulted in some disbursement delay. For example, some CLCs received budget and some others needed to wait for the next round of disbursement from the central level. The criteria used to prioritize CLCs or training courses did not clearly emerge from the interviews. However, a few participants listed some criteria such as the distance of the CLC, effective mutual communication between CLC and DoE or PoE, and perceived reliability of CLCs. Only one PoE reported to have had a meeting before deciding how to re-prioritise the budget.

C: Budget disbursement

This study found a variety of models of financial disbursement in use, differing from the central guidelines. One province was found to be broadly following the guidelines. Only in a small number of cases were CLCs disbursed a cash budget. In the most part either the DoE or PoE managed the budget and provided materials or equipment directly to CLCs and paid salary directly to Vocational Teachers. Furthermore, budget disbursement and salary payment was reported to happen very late, and generally retrospectively.

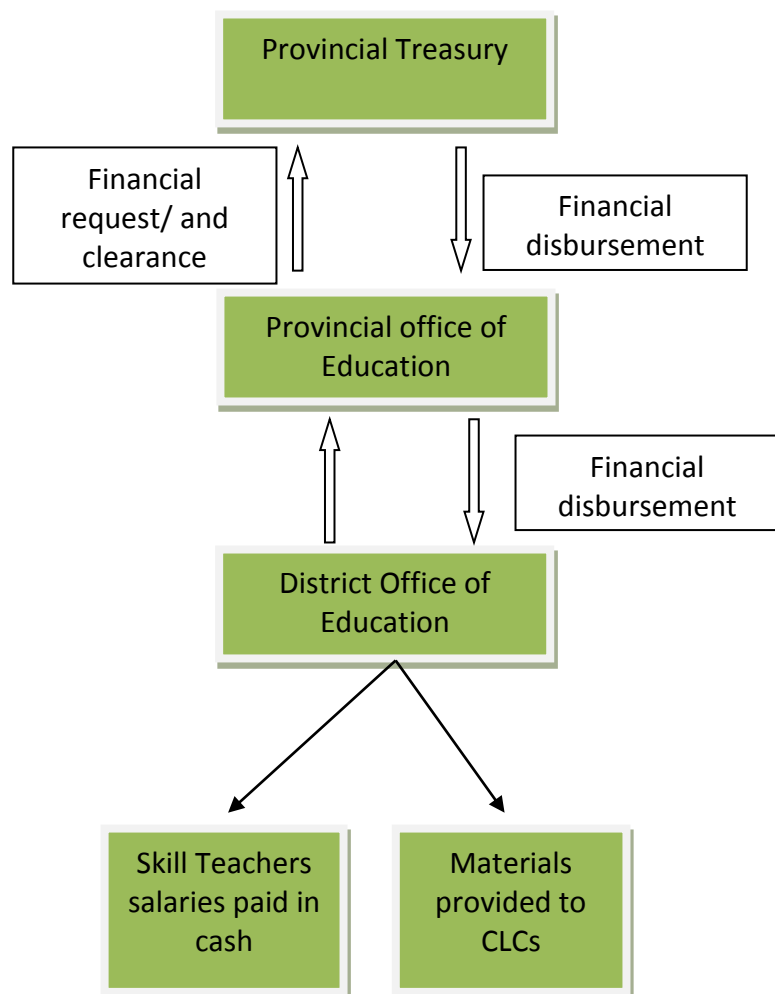
Budget disbursement process and hierarchy

Based on CLC Guidelines, the budget should be disbursed following the administrative hierarchy as in the diagram below. The Provincial and District Offices of Education should pass on a cash budget to CLCs which they use to pay Skills Teachers, purchase materials and cover general running costs.



In practice, we identified three different models of disbursement that were in use. These are detailed on diagrams on the following pages. They have similarities but their differences highlight that localised approaches are being taken.

Disbursement Model 1:

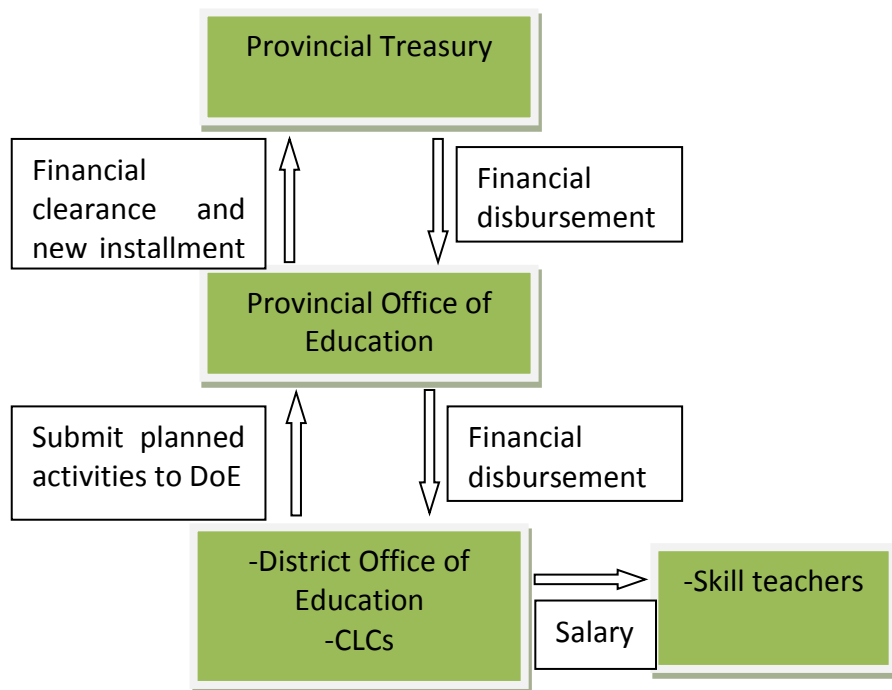


One province applied this model.

Four financial installments were reportedly made to DoE then to CLCs. PoE and DoEs in this province said that after receiving money from the provincial treasury, PoE called DoEs to get money to implement their CLCs' activities. After receiving money from PoE, DoEs bought material for their CLCs. Based on responses from DoEs, they (DoE) together with skill teacher(s) bought material for CLCs. However, none of the skill teachers who participated in FGDs reported accompanying DoE to select their training materials, and there was a high level of dissatisfaction with the materials provided.

Salaries of skill teachers were reportedly received directly from DoEs rather than through CLC Managers.

Disbursement Model 2:

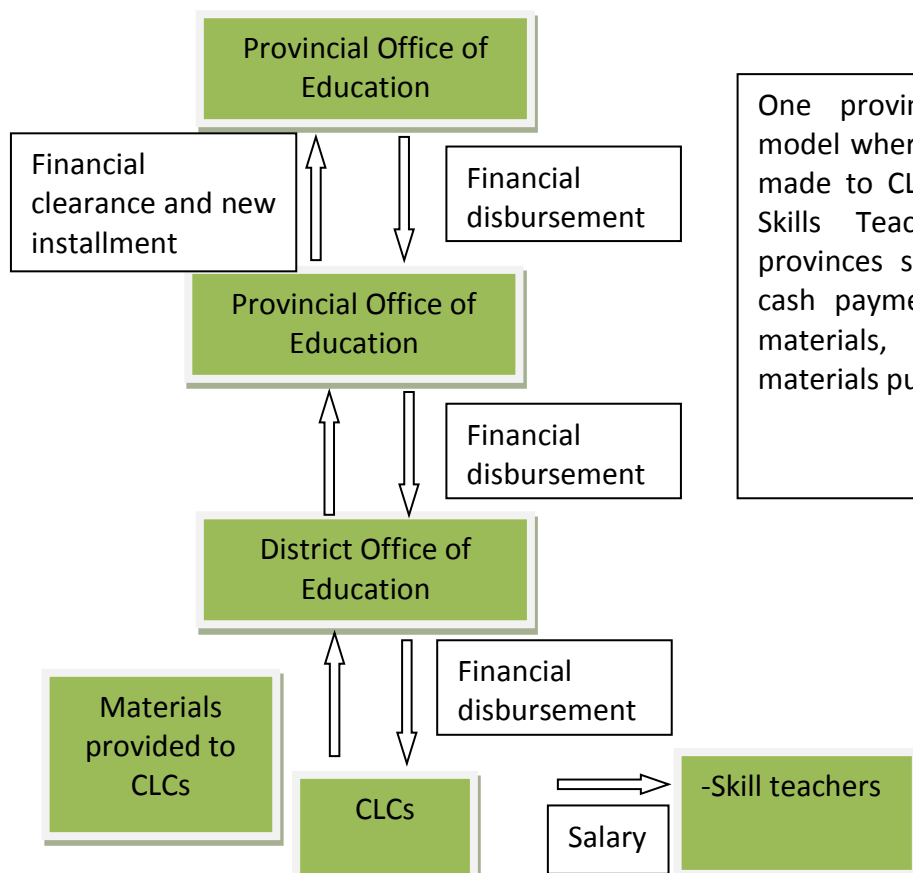


One province reported using this model. The difference from the first model is that it was reported that DoE and CLC managers were going together to get money (cash) directly from the PoE following a PoE request.

The only difference from the Guidelines is that the CLCs received their funds directly from the PoE, at the same time as the DoE.

Skill teachers received their salary from CLC managers.

Disbursement Model 3:



One province reported applying a model where cash disbursements were made to CLCs so that they could pay Skills Teachers directly. In these provinces some CLCs also received a cash payment for running costs and materials, whilst others received materials purchased by the DoE.

One province was not clear which financial disbursement model was practiced because up to the time of data collection in late November 2014, no financial disbursement was made to DoEs and CLCs. The interviewed DoEs said that they had received information about funds allocated for their CLCs, but hadn't received money yet, so could not comment on disbursement.

Actual disbursement versus approved budget

This study aimed to establish the difference between what funding CLCs actually received compared with the approved national or local budget. It has not been possible to analyse this reliably because there were a variety of disbursement models, which included bulk buying of materials at DoE and PoE levels and different payment arrangements for Skills Teacher salaries, and because CLC Managers mostly did not know what budget they should receive or had not received any budget to locally manage at all. Although this study was authorised by MoEYS, PoE and DoE officials were reluctant to share documentary evidence of budget at an individual CLC level, although they did discuss the budget level in general.

There was some evidence from one province in which cash disbursements were the norm that disbursements were lower than the stated budget, as a result of decisions made either by the PoE or DoE to prioritise some CLCs and activities. Consequently some activities were cancelled. One respondent suggested that CLCs were not the priority for expenditure and therefore budget had been reallocated to formal education, but this could not be verified.

PoE2 "we disbursed money to some particular CLCs first when Education budget at Treasury was not enough. And PoE had other priority programmes [to reallocate the budget for] too"

Provision of materials versus provision of cash budget

The expectation in CLC Guidelines is that CLC Managers receive a cash budget to use in accordance with their planned activities. Many CLC Managers reported that they directly receive materials from PoE or DoE instead of purchasing the materials by themselves. The quotes below show the issue of ownership from different key players.

PoE1- "Since 2013, PoE has purchased training materials on behalf of CLCs. For STs' salary, we need signature from DoE as well."

PoE2- "I am not so happy with the disbursement because CLCs were not allowed to manage their own budget. I want them to manage the budget themselves. These days, DoEs purchased the materials for CLCs. I think they did so as they might not trust the capacity of CLCs. They might be concerned that CLCs spend the money on wrong budget lines."

CLC5.2 "I don't know how much budget the Ministry approved for my CLC this year because in May I only received teaching materials such as 30 meter cloths, dress fashion magazines, iron [from PoE]"

The chart below shows that CLCs from three out of five provinces received materials directly from DoE or PoE.

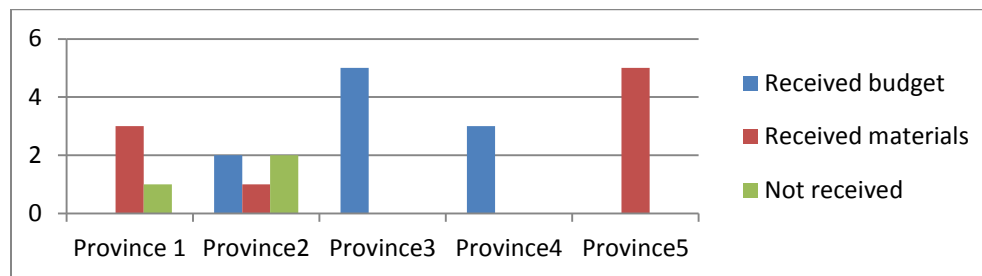


Figure 7: Number of CLCs receiving budget or materials in 2014 by November

In Province 1, CLC Managers reported receiving materials however in further conversation it was apparent that they were referring to materials received in the previous year which they were able to use for their 2014 activities, and that they had not received new materials or budget in 2014 at the point of the study.

The issue of ownership of CLC's budget was also raised in the focus group discussion with STs. The STs repeatedly reported that the materials or machines were sent directly to their CLCs. CLCs and STs hadn't been involved in the purchase. Since the plan was prepared by PoE rather than CLCs purchasing the materials, those provided by DoE or PoE often did not meet the real demand for the courses.

ST1.1.4 in FGD1.1 said "PoE telephoned me to pick up the materials, but I hadn't requested those. Some of them, I didn't need."

This practice of purchasing materials is not consistent with the CLC Guidelines in which the CLC has the responsibility for financial and material management.

The ownership issue in purchasing materials also had an operational impact on CLCs. STs complained about the poor quality of teaching materials and equipment (sewing machines, hair Trimmer Clipper, etc.). In addition the materials provided were frequently mismatched to STs' needs. STs reported that learners' attendance was affected by lack of teaching materials. Without tools to practice learners did not learn anything and consequently, stopped attending the class.

ST1.2 "The sewing machines I received [from previous class] didn't function well, I needed to work very hard to fix them; however, the machines are still not well functioning – I then requested for a quality brand – the Japanese brand I used at my shop are good quality"

ST1.3 "many of them just pretend that they are holding the tools to learn haircutting, imitating me. Some learners quit because we don't have tools or materials for them to learn".

STs expressed significant dissatisfaction with the materials or equipment provided and a desire to source these materials themselves within an allocated budget.

Timeliness and frequency of financial disbursement

In addition to issues related to how much budget was allocated to CLCs, the study also found significant issues with disbursement delays at a local level, for those areas actually distributing cash budgets to CLCs, and in STs salary payments.

Four interviewed PoEs said that 2014 financial disbursement for NFE projects were made in 4 instalments to the Provincial Treasury, and then on to the PoE. Only one of these provinces subsequently made 4 disbursements to the DoE or CLC level. The other three had made 1 disbursement to the DoE or CLC level, but it was not possible to examine evidence of the total amount disbursed. The table below represents the frequency of budget disbursement to PoE and CLC.

Provinces	Financial disbursement	
	To PoE level	To CLC level
Province 1	N/A	
Province 2	4	1
Province 3	3	1
Province 4	2	2
Province 5	4	4

Table 4: Financial disbursement PoE and DoE

The PoE in Province 1 reported that they had not received any disbursement of CLC / NFE funds from the Provincial Treasury so far, but that they just received a request to collect their first instalment of the year. The interviewee didn't know how much they would get for this first instalment.

Of the five provinces included in this study, three PoEs had received all financial disbursement of their CLC budgets by the time of the study in November. One province reported that its CLCs had already received financial support of around 13% of their approved budget for 2014.

In general, the issues in slow financial disbursement were evident at all levels. 52% of CLCs said they had not received a budget disbursement from the DoE by November. 43% received some budget yet the disbursement was late and they had received it in July, August or September. Only one CLC, which is located within the PoE office, reported to have received the budget every month. The overall trend of late financial disbursement to CLCs is shown in the chart below.

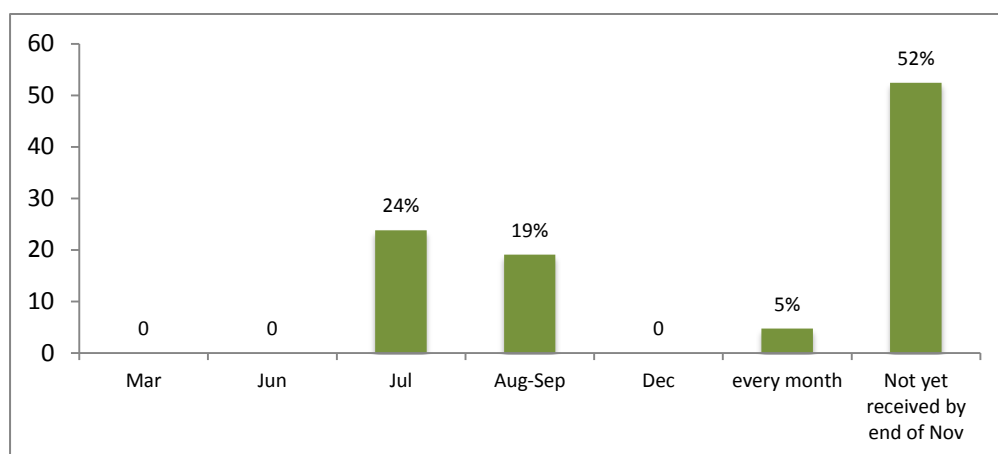


Figure 8: Percentage of CLCs receiving and not receiving budget by November 2014 according to CLC Managers

This delay also affected the direct payment of STs salaries. 91% of STs reported that they received their salary very late, usually a few months after their course ended. In the discussion, STs said that they had to wait until December or later to receive their salary.

FGD1.2 “I finished course in September, but I have to wait for salary which is sometimes till January next year...”

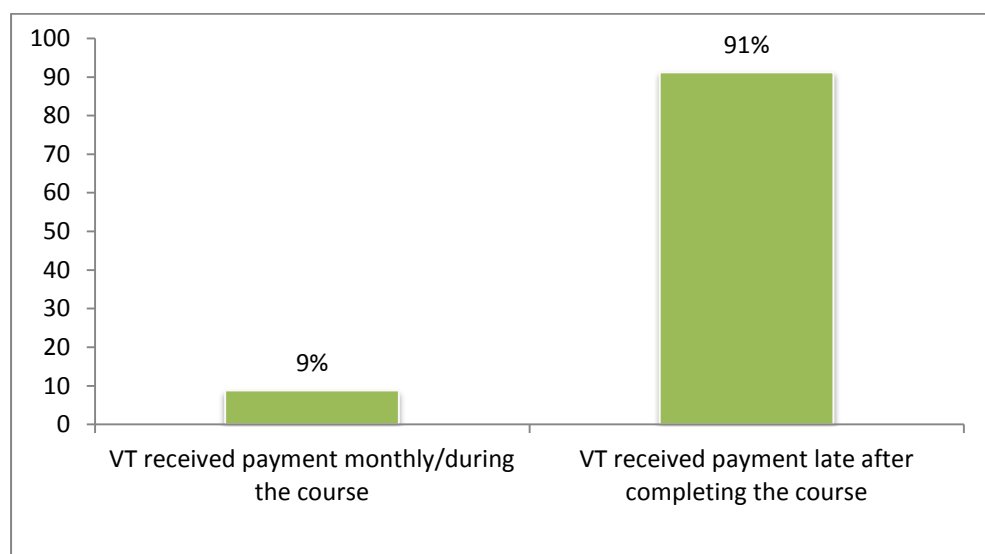


Figure 9: shows the delayed salary for vocational teachers at visited CLCs.

This practice is different from CLC Guidelines that state that STs should receive salary monthly. This delayed salary led at least 3 STs to borrow money (salary advancement) from CLC Managers, DoE or the Accountant of PoE, and pay them back when they could get their salary. Other informants corroborated that this practice was common:

CLC1.3 “While waiting for their salary, STs advanced their salary from the Accountant of PoE”

DoE3.1 "...borrowing money from Accountants is a personal communication outside the system...it is private business; however, when salary is available, the Accountant will cash the salary in return (including interest)"

The other issue that arose in the interviews were differences between the salaries ST's received and what they had been expecting to receive as set out in the guidance. Although some believed this to be a contribution to CLC's management (in particular, Managers), some STs who mentioned it were not aware of the reason for the reductions.

FGD2.1 "...I only received 300,000 Riel per month because I needed to give 60,000 Riel back to CLC Manager"

Impacts of late disbursement and late salary payments

STs identified a range of impacts of late financial disbursement on their CLCs. The most frequently raised impact was the attendance of learners, as participants were discouraged from coming to the training due to the lack of material to practice and because teaching was likely to be in theory and not practical. The other significant impact raised by STs was the delay of training courses until the money or material came.

A group of STs said that: "No student wanted to come to the training. They felt worthless after they had experienced two days of training with no material to demonstrate to students."

Delayed financial disbursement impacts CLCs in many ways, including:

- STs reported losing motivation when they had not received their salary regularly.
- The use of credit by CLCs or STs to buy materials to ensure the course started on time
- Teaching only in theory while waiting for the materials for practice in class
- Classes postponed, delayed or shortened to fit students' availability before harvesting season.
- Late starts to classes (around May) resulting in prolonging the program till October or November. As a result, many students dropped out before the end of the course when they needed to help their family to do harvesting.

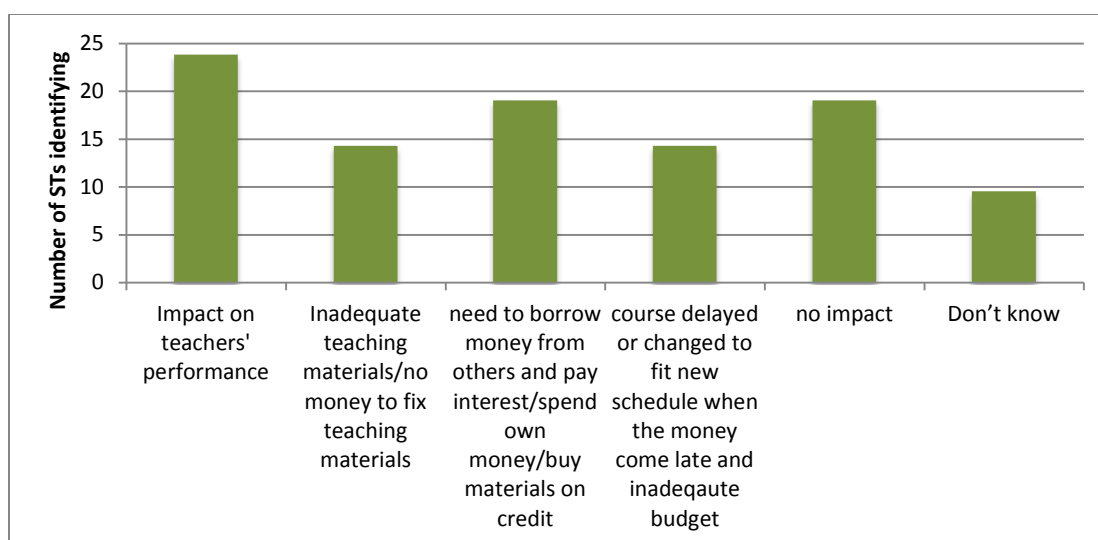


Figure 10: Reported impacts of slow financial disbursement on CLCs

Reasons for delayed financial disbursement

Delayed financial disbursement occurred at every level. The study found different reasons that possibly contributed to the slow financial disbursement.

Accounting paperwork (clearance of receipts)

Preparing clearance documents was reported to be complicated and required capacity, time and concentration. The participants in the study at all levels said they needed to fill in many forms to receive funds. The process of disbursement requires clearing accounting documents (eg. receipts) from last year or previous rounds of disbursement. CLCs were asked to submit the clearance documents to DoEs, and DoEs then consolidated the documents and submitted to PoE before the PoE submitting the consolidated documents of clearance to the provincial treasury and DNFE.

This paperwork was usually delayed because the collection of all CLC clearance documents was time consuming for DoE. Delay occurred again at the PoE where the Accountant needed to wait for every DoE's documents before consolidating and submitting to the Provincial Treasury. An interview with DNFE staff revealed the same perspective.

PoE3- The disbursement gets delayed because there were many forms we need to fill in, and to be reviewed and approved by many relevant people.

PoE1- Some CLCs have yet submitted their financial report, other CLCs submitted their report to DoE and they have yet passed on to PoE, thus, the Accountant cannot disburse the new budget...It was late because our province has submitted our plan, yet the DNFE had to wait for other provinces to submit their plan before approving the plan. That was why the disbursement got delayed and affected all CLCs.

FGD1.1 reported “I received the salary very late in November because DoE consolidated and submitted the receipt clearance to PoE late.”

Treasury 3 “We haven’t disbursed the 4th round yet because they (PoE) haven’t submitted the clearance form of 3rd round yet”

Time and distance

Time and distance possibly contributed to the disbursement delay. The distance from some CLCs to the DoE office or PoE office influenced the process of disbursement. Going to each office demanded time and travelling costs. It emerged from the study that in some cases the Managers or STs had to travel to PoE to get their salary in cash. One PoE reported that the DoE would have to try many times to meet the PoE accountant, spending their own money to make repeated journeys. In contrast, another PoE interviewed reported that he needed to keep calling one DoE to get the budget from PoE office.

PoE “I had to wait for all DoEs receipt clearance documents to request/disburse the (next round) budget because it saved time. I need transport and a mission allowance to collect the documents more quickly [by travelling to the DoEs / CLCs]”.

PoE2 “...some DoEs came many times before they could meet the accountant of PoE or submit the correct forms (documents), they spent time and lot of money to travel back and forth...”

CLC Managers satisfaction with disbursement processes and suggestions for improvement

59% of CLC Managers were not satisfied with the financial disbursement process.

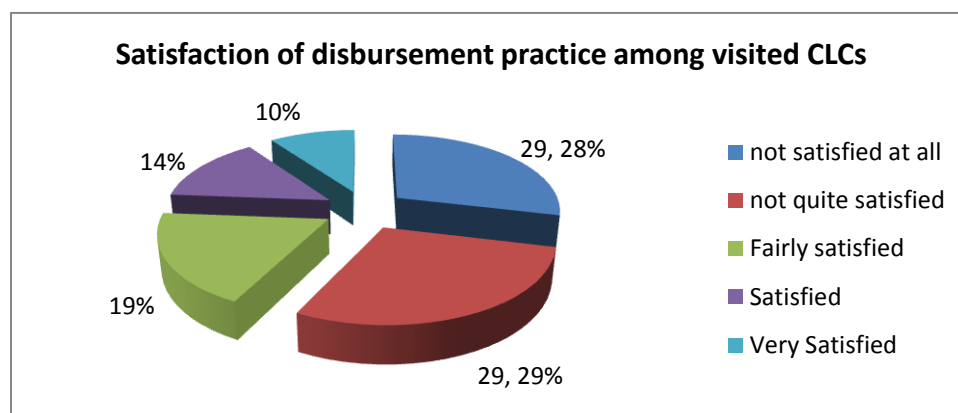


Figure 11: CLC Managers’ satisfaction with financial disbursement practice

The following suggestions from different levels arose in the study.

50% of CLC Managers proposed a direct disbursement from DNFE to CLCs through the banking system such as ATMs. In addition, they suggested that the entire budget be disbursed at the

beginning of the year or at least before training starts. Similarly, about half of the STs also supported this request. Interestingly, 90% of DoEs supported this request and added that lengthy bureaucracy in the disbursement process should be cut down. Four out of five PoEs also supported the request to have better disbursement efficiency.

More than 50% of STs interviewed requested that their salary be paid monthly. Eight out of 21 CLC managers requested a salary or incentive for their roles. Along with disbursement, efficient planning is prerequisite. To improve planning, CLC requested more support such as office equipment such as a computer.

Budget Planning:

The majority of PoE, DoE and CLC managers expressed their willingness to see the budget planning start from grassroots level. In many cases, the capacity of CLC managers to plan budgets was reported by PoE and DoE to be limited, although most CLC managers did not feel this themselves. Suggestions included:

- Building capacity of CLC managers on budget planning (4- 5 sessions) with additional assistance them to do this job.
- Clearer information on planning requirements from MoEYS in advance. The planning and timeframe should be oriented to DoE and CLCs.
- Reducing adjustments made at the central MoEYS level so that provinces receive budgets closer to those that they have requested.
- Including key relevant stakeholders in budget and activity planning, so that they include the needs of community.
- Greater adherence at all levels to the instructions in the central guidelines.

Financial Requests:

As already mentioned the financial disbursement was late starting from the PoE level, affected by the long process required. To make financial disbursement processes more efficient, PoE and CLC managers proposed:

- Speeding up the disbursement to PoE level to make sure the PoE has money to implement their activities on time.
- Payment in advance against an approved plan, rather than retrospectively.
- Active participation from all levels in providing documents and authorization on time.
- That there should be a single request and disbursement for each financial year.
- That fund allocations for each CLC should be increased.
- Bank transfer or ATMs should be used to transfer money to CLCs.

Budget expenditure

CLC managers reported their experience of a lack of funding support for some specific items, whilst some other items were provided in surplus. Their suggestions included;

- Provision of a salary package to CLC managers.
- Allowing CLC Managers to adjust the expenditure of some line items (cross-line) to reflect their actual needs.
- Increases to the salary of skill teachers to include some benefit packages similar to primary school teachers.
- Transparent sharing of a financial report with CLCs showing DoE and PoE expenditures on NFE.
- Every expense should need the original receipt for transparency.
- Budget expenditure authorized to CLC level, with PoE and DoE monitoring and providing them support when needed.

V. Conclusions

Whilst this is a small scale study it was possible to gain a significant amount of insight in to the actual practices of CLC financial management as a result of fieldwork undertaken in five provinces. Unless the studied areas are substantially different from the rest of the Cambodia, it appears that CLC financial disbursement practices are neither effective nor efficient and that they vary in a number of ways from the central guidance. This is a result of challenges in capacity, in systems, and in prioritization.

CLCs, DoEs, PoEs and the DNFE all face challenges in accurately planning, allocating, and disbursing budgets, and this is reported to lead to poorer quality provision, shortened or smaller classes, and drop out of learners. Furthermore, in terms of the scope of this study, the divergent practices used has meant that it is not possible to accurately track the use of the CLC budget as it is not disbursed to the level intended as a cash budget. There are multiple opportunities in the practices identified for misdirection of the budget intended for CLCs.

In terms of planning ability, there was not a major challenge raised by relevant stakeholders at PoE level. PoE themselves reported a good level of confidence in their skills in budget planning but were likely to complain in relation to the capacity of some DoEs, especially at rural districts and where there was high staff turnover. DoEs and CLC Managers themselves reported a good level of confidence in planning but that they did not have the time to do this, or were not requested to do so by the PoE.

Although there were some reports of CLCs, DoEs, or PoEs including Skill Teachers in activities design, opportunities to engage the wider community appear to have been missed. There was a varied picture of performance between CLCs and DoEs, with different levels taking over responsibility for budget planning as a result. Many CLC Managers were happy for others to undertake the planning of activities. Despite the Guidelines setting out a bottom-up approach to planning, the practices reported were more clearly 'top-down'.

In communicating directly with Skills Trainers, and effectively taking over the role of CLC Managers, both DoEs and PoEs are making up for gaps in planning at lower levels, but they are also reported not to be requesting those lower level plans in some instances, perhaps because of previous experiences or a concern about a lack of capacity at those levels.

In terms of budget allocation, the PoE is the primary contact for information on budget, including CLCs. However, it is clear that the PoE is not fully in charge of the process of financial disbursement. The negotiation, adjustment and the approval of budget was done at DNFE at central level. PoEs generally were waiting for notice from MoEYS, and then adjusting local plans accordingly. This led to bottom up plans being revised substantially if they had been developed in the first place.

The DoE holds a key role in financial disbursement to CLCs, and this also influenced the work and the level of satisfaction among stakeholders. DoEs were assumed to play a role to bridge fund from PoE to CLCs, however, some DoEs were expanding that role by managing CLC funds directly to buy materials and pay Skills Teachers directly. The issues in this include the mismatch of materials to the local need, and the reductions reported by Skills Teachers in their salaries.

All interviewees agreed that financial disbursement were late. There was a delay of both budget and material disbursement to CLC, and ST salary appeared the least priority. Teaching material provision added frustration to teaching as classes needed to be postponed whilst awaiting materials. Whichever allocation and disbursement model was practiced, the paperwork burden of accounting documents (eg. receipt clearance) remained the main identified cause of the delay. CLC Managers needed more support both in terms of capacity building and encouragement to prioritise both planning and accounting clearance paperwork.

It is our conclusion that there is a fundamental tension between the bottom up planning approach set out in the CLC Guidance and the realities of a national allocation per CLC. A national formula has an advantage in terms of simplicity and transparency, but in practice we did not observe this formula being followed. There are significant delays in the system for a relatively small amount of money for each CLC which hinders good service delivery, caused by bureaucracy and by capacity limitation, and by different offices devising their own approaches to financial allocation and disbursement.

VI. Recommendations

Based on the findings and conclusions of this study, and in order to make it possible for CLCs to operate efficiently in accordance with the CLC Guidelines we suggest the following actions:

1. Budget and activity planning processes **should remain as in CLC Guidelines** but a focus should be placed on eliminating the barriers to enacting these guidelines and enforcing them at a Provincial and District level.
2. Financial processes should be adjusted to enable a **one-round budget disbursement** at the beginning of the year, at least to PoE level, and preferably to CLC level.
3. Options should be pursued for **direct disbursement to a CLC bank or mobile banking account** from either DNFE or PoE. The process would reduce transportation costs for CLCs and reduce potential redirection of funds, and was strongly supported by all participants.
4. **Independent audit should be introduced** to oversee this new system, and DoE and PoE time should be spent on quality assurance rather than cash transfer.
5. Disbursement should not wait until all CLCs or DoEs have submitted requests; it should be possible for **individual CLCs to request disbursements** to enable active CLCs to clear and withdraw budget without having to wait for other CLCs or Districts to complete paperwork.
6. PoEs and DoEs should **delegate the CLC related work to CLC managers** and play a key role in providing capacity building to CLC managers in planning, budgeting, reporting and clearance. Doing so will promote the ownership of CLCs by the community and will allow CLCs to respond to the needs of the local people.
7. **The management staffing structure of CLCs should be reviewed.** The lack of salary contribution for CLC Managers means that this role can be de-prioritised and not fully engaged with. A review should be undertaken to consider whether this part-time role is feasible or whether different management arrangements – for example full time CLC cluster managers, or local part-time staff outside of Education – would be more effective.
8. Practices of **bulk buying of equipment and materials should be eliminated**, and Skills Teachers enabled to make these purchases with appropriate audit and control, as indicated in the CLC Guidelines.
9. **CLCs physical buildings and infrastructure should be improved** to attract participants to attend training course and to maximize the use of CLC among community.
10. **Field exposure visits between CLCs** should be organized to share experience/best practice on CLC management.

References

1. CLC Guidelines (2013 & 2014), DNFE
2. Education Congress (2013), Ministry of Education Youth and Sports
3. Public Financial Management Reform Program (2004), Ministry of Economics and Finance

Appendices

1. Interview Guides for CLC Managers
2. Interview Guides for DoE
3. Interview Guides for PoE
4. Interview Guides for Treasury
5. Focus Group Discussion Guides for STs