



Towards Sustainable Financial Management
of Cambodian Universities

National Conference

“Funding Higher Education: towards sustainable financial management at Cambodian Universities

WP4 Strategic Development
T4.3 National Conferences



March, 16th, 2022

National University of Management



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1. Executive summary

The National Conference of Balance project “Funding Higher Education: towards sustainable financial management at Cambodian Universities” took place in person at the National University of Management from on 16th of March 2022.

Dr. LY Sok Heng, Vice-rector of NUM, talked about NUM’s background and expressed gratitude to speakers from EU and Cambodia who came to share their knowledge and expertise for the improvement of transparency and systematisation of financial management practices as well as implementing institutional policies and procedures in Cambodian Higher Education Institutions.

There were approximately 60 participants coming from various institutions including MoEYS, project partners, and relevant stakeholders including public and private universities. In the sessions, we had guest speakers from MoEYS, University of Alicante, University of Genoa, and National University of Management to share their knowledge and experience in the National Conference. Those sharing would be significant inputs for participants to discuss and come up with suggestions, measures and comments to improve all these aspects and benefit the Cambodian higher education system in order to propose specific measures for the improvement and harmonization of financial models and financial management practices in Cambodia.

Particularly, Dr. Kang Sovannara, Director of School of Graduate Studies of NUM, presented THE ROAD TO AUTONOMOUS UNIVERSITY IN CAMBODIA: A Case Study of the National University of Management. The aim of the presentation was to share experience of NUM transferring from Public Higher Education Institutions (HEIs) into Public Administration Institutions (PAIs) and its journey to become an autonomous university. The main keys of the university were focused on organization, finance, academic and staffing autonomy to achieve accountability of the institution. Before becoming the autonomous university, NUM had to come up with clear strategic directions including vision, mission, core values, goals, and objectives. Last but not least, the research paper had concluded with nine recommendations: Board reconstruction, Setting clear vision and commitment, Strategic plans need to be practical, Organizational structure redesignation, Management system upgrade with technology, alternative sources of finance, Freedom in Project development investment, Prioritising quality of teaching and learning, research and innovation and services, and Human resource development.

During the conference there was presented the 1st draft of the White Paper. This document is aiming to propose specific measures for the improvement and harmonisation of financial models and financial management practices in Cambodia. During the open discussion all participants were able to provide suggestions, measures and comments to improve all these aspects and benefit the Cambodian higher education system.



2. Agenda

CONFERENCE		
<i>Funding Higher Education: towards sustainable financial management at Cambodian Universities</i>		
Wednesday, 16th March 2022		
National University of Management, Conference Room B		
From	to	
8:10	8:30	Participants registration
8:30	8:50	Institutional welcome Dr. Sok Heng Ly – National University of Management
8:50	9:15	BALANCE project + agenda presentation <i>Roberto Escarré, University of Alicante</i>
9:15	10:00	Key Note <i>Dr. Ngoun Sokchen, Deputy Director of Department of Finance, Ministry of Education, Youth and Sport</i> QA
10:00	10:30	<i>Coffee break - Networking</i>
10:30	11:15	The Road to Autonomous University in Cambodia: A Case Study of the National University of Management <i>Dr. Kang Sovannara, National University of Management</i> QA
11:15	12:00	Presentation of the White Paper and Instructions for the debate <i>Roberto Escarré, University of Alicante</i>
12:00	13:15	<i>Lunch break- Networking</i>

13:15	14:30	Group discussion and conclusions <i>All participants, mediated by UA & MoEYS</i>
14:30	15:15	Analysis of FM in Universities. From benchmarking to guidelines. <i>Renata Dameri, UNIGE</i>
15:15	15:30	Closing session and remarks



3. Key Notes

MINISTRY OF EDUCATION YOUTH AND SPORT

PUBLIC FINANCIAL MANAGEMENT REFORM IN EDUCATION: PROGRESS CHALLENGES AND WAYS FORWARD

1. Introduction

The Royal Government of Cambodia (RGC) has been carrying out an ambitious and sequenced Public Financial Management Reform Program (PFMRP) to modernize and harmonize its public financial management systems and practices since 2004.

The PFMRP was designed as a comprehensive and long-term vision in four stages: Stage 1 (2005-2008) 'budget credibility', Stage 2 (2009-2015) 'financial accountability', Stage 3 (2016-2020) 'policy-budget linkage', and Stage 4 (2020-2025) 'performance accountability'.

Stages 1 and 2 were completed successfully in 2008 and 2015, respectively. The RGC continued to implement the PFMRP-Stage 3 in early 2016 setting out three priority objectives including: (1) strengthened management and implementation of expenditure and revenue collection, (2) strengthened and extended FMIS and (3) strengthened and expanded program budgeting.

In this Stage 3, six core strategies were endorsed for driving PFM reform to achieve its vision, namely Budget System Reform Strategy 2018-2025, Revenue Mobilization Strategy 2019-2023, Public Investment Management System Reform Strategy 2019-2025, Budget System Reform Strategy for Sub-National Administration 2019-2025, Public Procurement System Reform Strategy 2019-2025, and Business Streamline Strategic Plan for FMIS 2019-2025.

2. Education Strategic Reform Programs

In 2014, the Ministry introduced 8 reform priorities which were later transformed into 15 reform priorities in 2016 which include: 1) Public Financial Management Reform, 2) Deployment of Teachers, 3) Teachers Training Centers, 4) Upgrade Teachers Qualifications, 5) Inspections, 6) Learning Assessments, 7) Upper Secondary Examination, 8) Curriculum and Core Textbooks, 9) School Building

Construction and Repair, 10) Assessment of Higher Education Institutions, 11) Promoting Sport Sector, 12) Implementation Of Youth Policy, 13) Technical Education, 14) Introduction of New Generation Schools, and 15) School Principals Training And Career Pathway.

Among the 15 reform priorities, the Public Financial Management Reform was the first top priority as it served as the backbone of other strategic priority reform programs of the Ministry. The PFM reform affects all activities of the government agencies. It encompasses the mobilization of all government resources and allocation of these resources to various ministerial programs. The PFM reform covers planning, budgeting, spending, accounting, and reporting of all government agencies.

The Ministry's journey in Public Financial Management Reform is for a better and greater result. The main objectives of the reform are four folds, namely 1) to strengthen discipline of public financial management, 2) to improve efficiency of budget allocation, 3) to enhance technical efficiency of spending, and 4) to gradually transform from input-based and centralized budget system to output-based budget system accompanied by appropriate de-concentration and decentralization.

3. PFM Reform Progress

The Ministry's leadership and management has demonstrated high political commitments on the significant PFM reform to increase levels of education expenditure towards global benchmarks in order to improve equity and efficiency of public finance for education.

Under PFMRP Stage 3, the Ministry started to implement the full program budgeting (PB) in 2015. In 2022, the Ministry established a total number of 65 budget entities, 40 budget entities at the national level and 25 budget entities at the provincial level¹. Among the 65 budget entities, there were 6 Public Administration Institutions, 29 authorized budget entities, and 30 unauthorized budget entities.

In 2020, at the pre-pandemic period, the Ministry's education expenditure as a share of the total government budget was USD 848 Million or about 17.8 per cent of the national current expenditure as compared to merely USD 335 Million or about

¹ Over the years, the number of budget entities has increased from 61 budget entities in 2018 to 65 budget entities in 2022.

16.2 per cent of the national current expenditure in 2014². The increase was almost three folds. This was a great achievement.

To further strengthen PFM system, the Ministry has committed to put in place the supporting System, Mechanism, Legal Framework, and Institutional Capacity for Management, Planning, and Delivery of Education Services.

Progress made in achieving PFM reform objectives are as follows:

- a) The PFM supporting system was put in place:
 - Clear organizational structure for policy making; and
 - Program Budget Management Structure was well identified: There were 5 programs, 50 sub-programs and a number of activity clusters.
- b) Mechanism for PFM system implementation was well defined.
 - Establishment of a clear organization in financial management (program managers at director general department level and sub-program managers at department level);
 - Segregation of functions, duties and responsibilities of all stakeholders;
 - Decentralization of power in budget management to implementing agencies (65 budget entities including 6 public administrative institutions, 29 authorized budget entities, and 30 budget entities).
- c) Legal framework was established and implemented
 - Budget Strategic Plan is linked to ministerial policies and Education Strategic Plan;
 - Annual Budget Plan is linked to Budget Strategic Plan, Education Strategic Plan, and Annual Operating Plan;

² Due to the negative impacts of the Covid-19, the Ministry's education expenditure was decreased to USD 756 Million and USD 760 Million in FY2021 and FY2022, respectively. Nevertheless, the Ministry's top management has demonstrated additional policy commitments to increase the levels of education budget towards the global benchmark of 20% of the national budget.

- Budget Implementation report linked to policies, Education Strategic Plan, and Annual Operating Plan;
 - Education Financial Management System was developed and rolled out to budget entities at both national and sub-national levels.
- d) Institutional capacity was improved
- Trained finance officials in public financial management at central and sub-national levels;
 - Developed an IT-based examination system for competency test to become finance officers.

Under the PFM reform, the Ministry has strengthened its financial management system by using IT-based system; developed IT capacity and knowledge for financial officials in budget entities; improved the quality of the budget strategic plan at national and sub-national levels as well as program budgeting and annual operational planning. This allowed the budget to align with policy objectives to achieve educational achievements and reform strategies in the education, youth and sport sector.

4. Challenges

Under the PFM reform, the Ministry has been faced with some issues and challenges including:

- 1) Although the Ministry has been implementing the full program budgeting, budget preparation was still based on the Ministry's administrative structures which made it more challenging to directly link budget to the Ministry's policy objectives. Thus, budget formulation is subject to further refinement linking budget to the Ministry's policy objectives and national policy priorities.
- 2) Budget execution is slow and low spending due to many newly established rules and regulations.
- 3) Monitoring and evaluation system is still very weak, mainly focused on monitoring through traditional reporting system.

- 4) Delegation of power from the Ministry's top management to budget entities is key to success in implementing the PFMRP Stage 4, performance accountability.

5. Ways Forward

In order to address the above issues and challenges, the Ministry has shown high commitments to:

- 1) Further update the program budget structures as well as strengthening the responsibility of implementing budget entities as well as strengthen budget planning of budget entities to align with its Strategic Education Reform 2018-2023 to support the implementation of the Rectangular Strategy - Phase 4 of the Royal Government of Cambodia, the National Strategic Development Plan 2019-2023, and the Education Strategic Plan 2019-2023;
- 2) Strengthen staff capacity through continuous professional development and training on the whole budget cycle including the newly established rules and regulations such as petty cash rules, commitment, procurement, and disbursement;
- 3) Train budget officials on results based monitoring and evaluation system.
- 4) Delegate more power to budget entities by increasing the number of public administration institutions and authorized budget entities.

6. Conclusion

The achievements accomplished so far are more extensive and encouraging for the Ministry to move forward although being faced with many challenges and lots of tasks ahead. The strong political will and high commitment of the Ministry's leadership and management is at a comparative advantage to achieving the set reform priorities.

The PFM reform results and good preparation for PFM reform are significant for ensuring that the Ministry is on the right track and thus moves forward to the realization of the Ministry's strategic reform priorities.

Building, developing and retaining human resources to support the implementation of PFM reform and other priority reforms are key to success and sustainability.



THE ROAD TO AUTONOMOUS UNIVERSITY IN CAMBODIA: A Case Study of the National University of Management

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Abstract

Higher education systems are becoming more complex, monitoring and managing this sector is tuning into a more specialized task. Consequently, the old model of absolute control from the central ministry of education is becoming unsustainable and is being gradually replaced by other models. Public Administration Institution (PAI) is a model in Cambodia to transform Public Universities into Autonomous Universities. NUM has received the legal status of a Public Administration Institution (PAI) since 2005 under guardian of two ministers: the Minister of Ministry of Education, Youth and Sport (MoEYS) and the Minister of the Ministry of Economy and Finance (MoEF). However, in order to move to real autonomous university, NUM-PAI still faced many challenges such challenges as the level of autonomy in finance, human resource management, governing boards, leadership, and curriculum diversification. This descriptive study focuses on the key dimensions of autonomous university by reflecting to the challenges of the implementation of NUM-PAI. Key recommendations have been proposing for NUM to move the university into the real autonomous university.

Key words: University, autonomy, institution, finance, academic, staff, accountability, National University of Management, Cambodia





Strategic planning in Universities. A business overview

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1. Introduction

Strategic planning is a crucial activity in business. However, it is a process that can – and should – be applied in all types of institutions, both public and private ones. The aims of strategic planning is setting the long-term goals of an organisation and to define how to reach these goals. Indeed, a strategy describes how the ends (goals) will be achieved by the means (resources). [1]

Resource management is one of the pillars of strategic execution, and financial resources are a crucial resource for an organisation, and to better understand how to manage financial resources in universities in a strategic way, an introduction to strategic planning is necessary. [2]

As concerning universities, strategic planning is a necessary process, to link all the academic activities – education, research, third mission – to the role that the university has in its specific cultural and social environment. Moreover, strategic planning focuses on using the scarce resources in the best way, and this best practice can be applied to financial resources, a crucial resource for a university’s mission.

Consortium

European partners



Cambodian partners (Higher Education Institutions)



Cambodian Ministry





2. Strategic planning: an overview

Strategic planning is a process that regards the identity of an organisation. Indeed, to set a strategy to pursue in the long term, it is necessary, first of all, to understand and declare the vision, the mission and the main values characterising the organisation. [3]

The vision provides the direction to an organisation and declares to its members and stakeholders how the organisation imagines itself in the future. The vision implicitly defines the path to follow to reach the expected future as declared in the vision statement. [4]

The mission of an organisation defines why the organisation exists and which its ultimate goals are. The mission should also – explicitly or implicitly – individuate the stakeholders of the organisation and the way to respond to their needs. [5]

Values are a person's or society's beliefs about good behaviour and what things are important. In this case, we do not refer to moral values, but especially to the guiding principles related to the specific activity of each organisation.

Therefore, strategic planning is the process that, starting from the mission of an organisation, its vision of the future, and its core values, defines the goals to reach in the long term, the ways to reach these goals, and the resources to use and manage to reach the goals.

In other words, strategic planning is an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy. One of the core aspects to take into consideration is that resources are scarce – and this is one of the main concerns of strategic planning, as the crucial point is how to reach the desired goals, respecting the vision and the values of the organisation, but with scarce resources respect to the needed resources. [6]

Therefore, even if the concept of strategic planning is often linked with business, it is a best practice to follow also in non-profit organisations as universities are. Indeed, strategic planning is a process that permits to focus the goals and to link the goals with the resources needed to reach them. An explicitly strategic planning activity is also a way to understand and analyse a university's resources, and to individuate the most precious and scarce ones. Strategic planning is not only an economic issue... but it assumes an economic role in allocating the scarce resources in the best way, that is, to reach the best results.

Figure 1 describes how an organisation, starting from its vision and mission, can work to reach specific and well-defined goals. We can see the strategic planning process as a pyramid: at the apex of the pyramid, there are the most important and synthetic concepts; down the pyramid, from level to level, concepts are more and more operational and detailed.



At the top, we find the vision, that is, the future state of the organisation, the outcome of its work; the vision rests on the mission, the reason the organisation exists. Both vision and mission rest on the core values of the organisations, inspiring its activities.

These first three levels are the conceptual basis of a strategic plan; then, we should get to the hearth of the matter, that is, to define the operational aspects of a strategic plan.

To implement a strategy, it is necessary to clearly define the goals to reach, and the measures to evaluate the success of the strategy. Goals are not well defined if they lack of a quantitative level to reach and a metric to measure the reached quantity. Goals should then be linked with strategies – that are actions carried out on the long term – and plans describing in details how these actions will be deployed over time and in the several departments of the organisation.

Figure 1. The strategic planning pyramid. Source: <https://www.experience-on-demand.com/strategic-planning/>



At the basis of the pyramid, strategies are translated into initiatives and projects. We can see initiatives as areas of focus, the main areas in which we need to work to support our strategies. Projects are actions defined with a beginning and an end, and specific constraints about targets to reach, resources to use, and deadlines to meet.



3. Strategic planning in universities

To apply strategic planning in universities, we can start from vision and mission. [7]
Rarely Universities clearly declare these concepts.

We can examine the example of Harvard University.

Mission: The mission of Harvard College is to educate the citizens and citizen-leaders for our society. We do this through our commitment to the transformative power of a liberal arts and sciences education.

Vision: Harvard College sets the standard for residential liberal arts and sciences education. We have committed to creating and sustaining the conditions that enable all Harvard College students to experience an unparalleled educational journey that is intellectually, socially, and personally transformative.

The mission declares that Harvard College exists to educate not merely citizens, but citizens-leaders (not surprisingly, as 8 USA Presidents studied at Harvard). The vision declares that Harvard College sets the standards, and students can enjoy an educational journey. In these two brief sentences, Harvard University positions itself at the top level.

We can compare these statements with the ones issued by the University of Economics in Katowice (Poland).

Vision: The University of Economics in Katowice is the center of students, academic and business life, and its integrated academic community, open to cooperation with the broader environment, creates and disseminates economic and managerial knowledge towards strengthening the scientific, teaching and expert position of the university in the region, the country and abroad.

Mission: The mission of the University of Katowice is to provide a modern study offer and high-quality research respect of selected disciplines, with an academic community that creates and disseminates knowledge and new idea, and that is open to international cooperation.

In this case, the University is more linked with its territory, but aims to enlarge its field of activity to the whole Country and also abroad, thanks to international cooperation for example.

Both the cases show that vision and mission are high-level declarations, that requires to be further defined in a more detailed and operational way. Figure 2 shows as the University of the Philippines translates its vision, mission and core values in concrete

actions. The example regards the role that Internationalisation, considered as a crucial strategic aim, can affect the learning environment.

Figure 2. The From vision to internationalisation



Internationalization Framework of St. Paul University Philippines

Strategic planning is the basis also for financial management in the universities: indeed, financial resources must to support the main goals of the university.



4. Tools and theories for strategic planning

One of the most important scholars studying strategic planning is Michal Porter. [8] Porter's work is of capital importance in strategic planning. He considers strategic planning like a cycle, that is, a sequence of actions to repeat. The cycle includes the following phases:

1. To define the goals, answering to the question: where do we want to go?
2. To declare the desired outcomes, answering to the question: how do we get there?
3. Considering the previous steps, to define the strategies, which are the way to reach the desired outcomes.
4. Measuring the reached (or not) targets.
5. Analysing the results, answering to the question: how did we do? (to arrive here)
6. The cycle closes comparing the results with the goals, and asking: how can we improve?

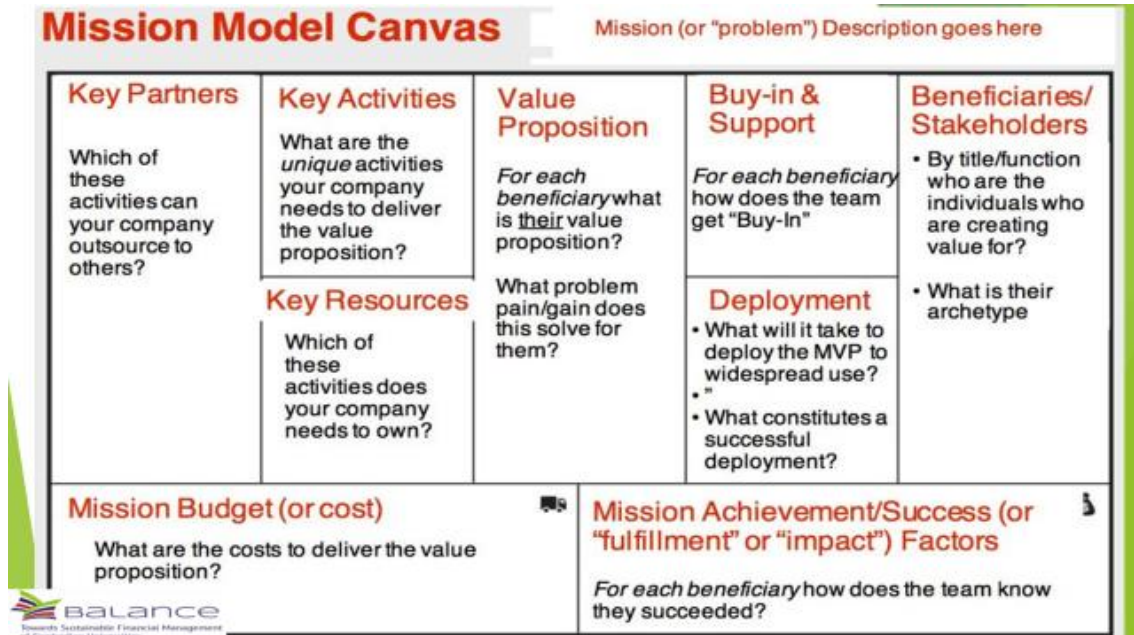
Porter also identifies four key elements to successfully implement a strategy:

1. Organisation strengths and weaknesses;
2. Personal values of the key implementers;
3. Industry opportunities and threats; and
4. Broader societal expectations.

To define a successful strategy, we can also use a visual tool such as the business model canvas. We use the model defined for non-profit institutions: the Mission Model Canvas (MMC). [9]

MMC is a canvas that can be filled in to define mission and strategic orientation of a non-prof organisation. Figure 3 describes the canvas and the questions supporting its drafting.

MMC is a visual tool that can be filled in through design thinking and cooperative discussion. It is a very useful tool to involve universities' actors – professors, officials, students' representatives - in defining the university's vision, mission, and strategy.



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ANNEXES

ANNEX 1: Article by Sovannara Kang, The Road to Autonomous University in Cambodia: A Case Study of the National University of Management, January 2020